CHAPTER VIII

SUMMARY AND CONCLUSION
The primary objective of this chapter is to give a summary of the discussions made in the foregoing chapters and to suggest measures for policy action to promote the development of rural artisans. More specifically major findings arrived in previous sections are highlighted in this chapter. Besides, systematic policy measures are suggested for taking concerted action to improve the socio-economic conditions of rural artisans so as to enable them to play a more purposeful role in the future.

The first chapter shows that growth and development of artisan units are very much required in the recent years, due to the fact that these units being labour intensive in nature are able to create more employment at less cost of investment. It is noticed that the artisan units are capable of providing adequate job opportunities in this rural areas where unemployment and underemployment is more severe. It is true that agriculture provides maximum job opportunities in the rural areas but due to growing population pressure agricultural sector finds itself over crowded. It is further revealed that job creation in other organised sector is not taking place largely as required. So development and promotion of village and cottage industrial sector is very much required
to solve the problem of unemployment, underemployment in rural areas to reduce pressure on population in agriculture. This will further help to remove poverty and backwardness in the agricultural sector.

In the present study the classification of village and cottage industries as approved in Five Year Plan documents by Planning Commission, Government of India is taken into consideration. The classification of village and cottage industries broadly cover five categories such as Khadi and Village industries, Handloom units, Handicrafts units, Sericulture and Coir units. It may be observed that almost all the artisan based units mainly fall under these above categories.

Chapter second depicts the socio-economic background of Orissa. It is revealed from the analysis that although the state is a typical backward and underdeveloped state, yet it possess abundant stock of natural resources. Resources like; land, forest, marine, mineral and power resources, if harnessed properly, will help to accelerate the process of economic development. It is further seen that these resources provide ample opportunities for the development of Village and Cottage industries in the state. The importance of this sector is realized from the fact that it encourages more employment and earning outside the farm sector. It is shown in the chapter that Orissa has a long tradition of possessing a large
network of village and cottage units. These units have earned reputation not only at the national level but at the international plane. However, in course of time, due to the widespread network of machine products and the competition from this sector, village and cottage industries have declined in importance. Even then, there is enough scope for revitalising these units with a view to promote gainful employment and additional sources of income for the large mass of population dwelling in rural areas. It is against this background that socio-economic characteristics of rural artisans have been discussed in this chapter. Such a discussion has the merit of highlighting the peculiar traits and characteristics of artisans for pursuing deliberate action.

Orissa is an economically backward state. As per 1981 Census the State is having 2.64 lakhs of population out of which 37.1 per cent belong to the backward class, like Scheduled Castes and Scheduled Tribes. Again 88 per cent of the total population in the state are living in rural areas. Nearly 42.8 per cent of its population are living below poverty line in the year 1983-84. It is further found that out of the total population nearly 1.42 lakhs or 32.7 per cent are main workers. A bulk of the main workers comprising 77.9 per cent are engaged in agriculture and allied activities for their livelihood and occupation. In spite of the importance of agriculture in the state's economy, productivity of
Agriculture is showing a declining trend in recent years. As against this the state is also an industrially backward state. Pace of industrialisation being very low the state of Orissa is witnessing a state of massive unemployment in the recent years. Although industrialisation has not made a significant headway yet the state has age-long village and cottage industries continuing with remarkable success. It is noticed that these industries possess a good potential to generate massive employment facilities in the rural areas, at a low cost of investment. To promote the growth of these industries the state is having a large potential of unutilised and underutilised and unexplored natural resources like marine, forestry, mineral, agricultural and human resources. These industries are greatly developed in the past, and possess a greater potential for future, in the matter of generating massive employment facilities. However, these industries had faced a set back in the recent years due to emergence of new alternative machine made cheap goods. But they should be promoted and protected for better and greater socio-economic growth of the state. It is found that these artisan units possess certain specific features, such as that they are mostly carried out on a household basis and in a hereditary manner, and the products manufactured by these units are mostly possess decorative and high aesthetic value etc. Artisans engaged in the trade face certain problems like shortage of raw materials, inadequate marketing facilities,
lack of training facilities and low supply of finance. Due to all these they are trapped in a vicious circle of low production, low income and low employment. As they live mostly below poverty line, they are not able to overcome problems by their own effort. It may be observed that, of the various problems faced by rural artisans, dearth of supply of finance is the crucial bottleneck. The institutional financing agencies can play an important role in this regard. By supplying adequate and timely supply of finance, they can encourage artisans to pursue their trade effectively.

The same trend is noticed in the district Puri, taken as the representative district for purpose of this study. The district is chosen for the reason that out of various types of artisan units seen in the state, a bulk of the artisan units are seen in the district Puri. However, the traditional variety of Tassar type of sericulture is not seen in the district. Out of the total 79 types of artisan units, 40 types of artisan units are seen in the district. Of these 40 types, 10 artisan units are selected for purpose of field study. These sample rural artisans, are mostly living in the rural areas and are mostly supplied with institutional financing. For the purpose of field study, ten villages are selected where there is large concentration of respective artisan units, and also artisan borrowers who have borrowed from institutional financing agencies. Furthermore, 25 to 30 per cent of the total artisan borrowers are selected again on
random sampling basis for primary data collection. In this manner, 120 sample artisans are being selected. Socio-economic condition of sample rural artisans are being studied, through the questionnaire method. But before that the socio-economic condition of the district, where these sample artisans live, is also discussed. It is found that the district depicts mostly the same picture like that of the state. Puri district is also an economically and industrially backward district. It has got an agrarian and rural based economy. About 85.0 per cent of its people live in rural areas and 67.6 per cent are engaged in agriculture. Due to lack of proper irrigation facilities, farm mechanisation and widespread subdivisional fragmentation of holding etc. the productivity of agriculture is declining. Being already over crowded agriculture is not able to absorb new entrants of labour force. As against this, the pace of industrialisation is very slow in the district. However, the development of artisan sector is quite very much significant. It is noticed that these units had got a flourishing past and have a future as well. Some of the units like applique works, stone carving and pattachitra etc. are found to have earned world wide fame and reputation. The socio-economic profile of sample artisans as collected from field study shows that about almost all the artisans units studied are working on household an upto 90 per cent on hereditary basis. They have mostly inherited their workshed from their forefathers. It is noticed that among these artisans 17.5 per cent are women artisans.
These artisans are working either individually or under co-operative organisations. It is noticed that about 52.0 per cent of the artisan units, which are mostly coming under bell metal and weaving category are working under cooperatives. The artisans are mostly illiterate and about 49.0 per cent of the artisans do not even know the simple alphabets. They are mostly untrained, and only about 15.0 per cent are seen to have received training as per field study. They mostly use labour intensive technology, and carry out most of their trade with the help of their own family members, either in full time or part time basis. In case of the sample artisans, the most important problem which the artisans face today is, the problem relating to finance. It is noticed that in case of absence of financing from the institutional financing agencies, artisans are forced to get the finance from non-institutional sources. It is found that artisans have received institutional finance amounting to Rs.4.18 lakhs, against a total demand of Rs.6.97 lakhs of credit for the operation of their units. Inspite of this, there has been a massive growth in the number and functioning of institutional financing agencies since nationalisation. The institutional financing agencies catering to the financial need of the sample rural artisans are cooperative banks, commercial banks and Puri Gramya Bank, the Regional Rural Bank of the district. Though OSFC is not seen to be involved in financing the sample rural artisans selected for field study, yet it is an important institution catering to the credit needs of artisan
units functioning in the state as well as in the district.

Due to greater importance of these institutions their organisational and operational structure are being discussed. The organisational and operational structure of these institutional financing agencies like co-operative banks, commercial banks, RRB and OSFC are being discussed, in detail, in chapter three. It is noticed that co-operative credit structure is of two types; credit co-operatives and non-credit co-operatives. Credit co-operatives are further divided into agricultural and non-agricultural in nature. For agricultural purpose both short term and long term credit co-operatives are functioning in the state. There are one state co-operative bank, 17 Central Co-operative Banks and 2589 Primary Agriculture Co-operative Societies functioning under short term, and one State Land Development Bank and 55 Primary Land Development Banks are functioning under long term credit structure. It is noticed that short term credit co-operatives are only engaged in financing the rural artisans through their PACS and industrial co-operatives, PACS financing is made in cash, whereas, Industrial Co-operative Society's advances is made through raw materials and in terms of kind loans. PACS which are mainly engaged in financing to farmers are also engaged in advancing the members engaged in artisan work as a subsidiary occupation, and again without any security. Industrial co-operative financing is made to artisan members through co-operatives. It is noticed that in the recent year,
a significant amount of assistance was made to the artisans through PACS and various types of industrial co-operatives.

Industrial co-operatives societies are of various types like Khadi and Village Industry Co-operative Societies, Weaving Co-operatives, Handicraft Co-operatives, Coir Co-operatives and Sericulture Co-operatives Societies. However, it is noticed that financing to Primary Weavers Co-operative Societies is quite remarkable, in relation to all other industrial co-operative societies. As on 1989, 26 types of Khadi and Village Industry Co-operative Societies were being organised under KVIC/OKVIB. The artisans functioning under these co-operatives are being financed by working capital and term capital with a rate of interest of four per cent per annum. Weavers' Co-operative Societies are organised under Directorate of Textiles and are mostly functioning under Production-cum-Sale basis. The financing to these co-operatives are made by SCB/CCB. These SCB/CCBs again being refinanced by NABARD for this purpose. The weaver artisans are ultimately being financed by Weaver's Co-operative Society. The financing is mostly made in the way like raw material assistance, which is generally given for a period of one week or a fortnight. After that period the finished product is collected from the weaver members by the Co-operative Societies. This operation is carried out throughout the year. However, to be enrolled as a member of a Weavers' Co-operative Society, the member weavers are required
to deposit Rs.200/- as share capital in the society. But the fact is that the amount thus deposited is not really made by the artisan. To help the artisans in this regard both State and Central government are under rule make the contribution of Rs.100/- each which is made under subsidy. Handicraft Co-operative Societies are organised under the Directorate of Industries of the State Government. There are 50 types of Handicraft units functioning in the State. At present about 186 number of co-operatives are functioning in the state. For financing these co-operatives, an amount of share capital is placed with the commercial banks by the state government, and the co-operatives are empowered to draw up to 10 times of the amount of share capital thus deposited. It is noticed that Government was engaged in supplying raw materials assistance to one or two types of units in the state. Procurement and marketing of handicraft items of these societies was undertaken by the Orissa State Handicraft Corporation. Coir Co-operatives are also treated in the same manner like that of Handicraft artisan unit. However, the Coir Board, a Central Government agency, takes a good care of Coir Co-operatives. Sericulture co-operatives are generally financed combinedly by Directorate of Textiles of the State Government and Central Silk Board of Central Government. Besides Co-operative sector, the commercial bank branches have also increased after the nationalisation of banks in 1969 and 1989. Their branches have increased from 217 to 1081 between 1972 and 1989. Deposits mobilised by banks have also increased from Rs.63.20 lakhs in 1972 to Rs.197,470.28 lakhs in 1989. Likewise, credit advanced
has also increased from ₹.29.06 lakhs in 1972 to ₹.154,812.77 lakhs in 1989. Financing to various sectors including rural artisans have also increased between these years. Financing to this sector has increased from ₹.7 lakhs to ₹.489 lakhs between 1972 and 1989; showing a significant increase over the period. Financing to artisans sector which constitute about 0.2 per cent to the total advances to small scale sector in 1972 now accounts for about 2.0 per cent of the total in 1989. Besides, commercial banks, RRBs which constitute another important institution was functioning with 72 number of branches in 1977. The number of branches increased to 815, in 1989. Deposit has increased from ₹.104.65 lakhs in 1977 to ₹.11,549.83 lakhs in 1989. Credit has also increased from ₹.153.45 lakhs to ₹.19,966.17 lakhs during the said period. Deposit and credit has increased by 10828.0 and 1084.8 per cent over these years. Financing to village and cottage industries sector has also increased from ₹.148.99 lakhs to ₹.1540.04 lakhs, showing an increase of 933.6 per cent over the period between 1977 and 1989. OSFC is functioning with 17 branches in the state. It has financed only ₹.4.99 lakhs in 1989 although the same amount of ₹.83.61 lakhs in the year 1979. It shows a significant decline in the amount of assistance provided by OSFC over the period to rural artisans. It shows that financing to rural artisans has not increased significantly over these years in the state by various financing agencies, except that of RRBs.
The functioning of the institutional financing agencies in Puri district is discussed in Chapter Four, which reveals that the artisans are also not being financed adequately. Co-operative banks which are engaged in financing the industrial co-operatives have financed mostly weavers co-operative societies amounting to Rs.420.75 lakhs in 1989. However, it stood at Rs.205.15 lakhs in the year 1980-81 in the district. Till 1988-89 there were 741 number fo Khadi and Village Industry Co-operatives organised by OKVIB. It may be observed that Handicraft and Coir Co-operatives are financed indirectly and at times through subsidy and tools etc. by the State Government. Sericulture Co-operatives which are mostly seen at the State level is not seen in the Puri district. There are a number of commercial banks in the district. Deposit mobilised and credit advanced have increased by 4108.0 and 8534.0 per cent respectively between 1972 and 1989. This is due to the fact that the State has started new career of deposit mobilisation and deployment of credit at a very low level in the base period. Furthermore, financing to artisan units which stood at 0.2 per cent of total financing increased to 1.3 per cent between 1972 and 1989 respectively. RRB financing has increased with increased network of branches of Puri Gramya Bank. Financing to artisan units which stood at 2.59 per cent in 1981 has increased to 4.33 per cent in 1989. So it is found that RRB has financed considerably to the artisans. As against this, OSFC financing to rural artisans in the district has declined considerably over the years from
1979-80 to 1988-89 by 94.1 per cent.

After analysing the structure and functioning of agencies who supply credit to the sample artisans the credit requirement of sample artisan unit and supply of credit to them is being analysed in the Chapter five. It is noticed that sample artisans mostly need three types of credit such as working capital, term capital and consumption need. Of the different type of credit the requirement of working capital to meet the current production need is the maximum. The artisans also require term capital for investment in machines, tools and implements. Consumption credit is further required by artisans to sustain themselves in the course of actual engagement in work. It is observed that their overall requirement of credit has grown considerably in recent years. Due to poor economic condition their own contribution to finance their own trade is less.

It is observed that the total credit requirement of sample artisans stood at ₹6.98 lakhs. As against this, the supply of credit by institutional financing agencies to the sample artisans was ₹4.18 lakhs. Thus there is a credit gap of ₹2.80 lakhs, for which the artisans mostly depend upon non-institutional sources. The available data show that nearly 40 per cent of credit needs remain unfulfilled. In other words, the institutional financing agencies have only met 59.9 per cent of total requirement. It is also observed that the non-institutional agencies do not satisfy all the
balance credit requirement not satisfied by institutional financing agencies.

It is further highlighting to observe that not all the credit supplied by institutional financing agencies for different purposes are utilised by artisan borrowers for the said designated purposes. The available data reveal that nearly 16.5 per cent of total credit supplied is not utilised by sample artisans. This unutilised balance is mostly used by them for unproductive uses. Even whatever is utilised for different purposes, there appears to be a good deal of diversion between purposes.

Chapter Six makes an attempt to analyse the impact of institutional credit on the generation of output income and employment in the artisan sector. The essence of the chapter is to highlight to what extent the credit utilised by artisan borrowers has helped to increase their prosperity and economic well-being through increased output, income and employment in the rural sector. The field study undertaken in this connection, exhibits that between pre-loan period and post-loan period output has increased by 20.6 per cent. Likewise, net income earned by artisans over the periods stood at 20.2 per cent. Employment generation in the post loan period over pre-loan period both in terms of actual labour employed and mandays of employment created increased by 5.6 per cent and 3.9 per cent respectively. A further deep probe
into employment aspect highlights the fact that between pre-loan period and post-loan period whereas net increase in family labour ws 2.5 per cent, the same for hired labour was 15.1 per cent. It is further noticed that part-time labour have increased more than full-time labour over the period.

The study further reveals that the impact is not uniformly distributed among the sample artisans. No doubt almost all categories of sample artisans improved their position in the post-loan period compared to pre-loan period, yet the distributive impact was more felt by artisan units like; bell metal, pattachitra, papier machie, pottery, beads making, stone carving and applique. As against this, other units have experienced only a marginal gain in respect of output, income and employment generation. It is strikingly revealed from the field study that two out of ten units have a declining performance in the post-loan period compared to pre-loan period. They are bamboo basket making units and coir units.

The important problems faced by these artisan borrowers in the district are; inadequate and untimely supply of credit inflexible loan policies and cumbersome procedure, lack of adequate supply of raw materials and marketing facilities, absence of storage facilities for stocking raw materials, semi finished products, absence of field supervision and follow up action, lack of extension and guidance facilities, inability
of the lending agencies to meet the full requirement of credit and poor response and co-operation of staff in banks etc.

As against the problem faced by the artisan borrowers, lending agencies too came across with certain problem. The problems include illiteracy and ignorance of the borrowers, low credit worthiness, lack of training, improper identification of beneficiaries, delay in the release of subsidy by government, poor recovery of loan, influence of politicians and middlemen, unwillingness of bank staff to serve the rural centres and lack of co-operation among credit agencies etc. form the main theme of Chapter Seven.

MAIN FINDINGS:

The growth and promotion of rural artisan units are very much required in the recent years to tackle the problem like underdevelopment, unemployment, poverty and backwardness. They are important in the sense that they can create a process of industrialisation, urbanisation and modernisation, both in rural and urban areas, which the large industries are not able to achieve so far. They can solve the problem of poverty in rural areas and so can create an atmosphere of balanced growth.

The development of artisan units are also required in the state of Orissa which is very much underdeveloped and poverty stricken. The state possesses a large potential of
natural resources for developing them. The state also possesses a large network and high tradition of artisan units some of which are famous nationally and also internationally. But being poor, these artisans are seen to be trapped in the vicious circle of low productivity, low income and low employment trap. To come out of this they require the help of institutional financing agencies.

The same trend is noticed in the district Puri. Except sericulture all other artisan units are seen in Puri. The sample study covering 120 artisan borrowers in Puri district shows that artisan units are mostly hereditary and household enterprises in nature. Among them nearly 49.0 per cent do not know even simple alphabets. About 52.0 per cent of them are working without any organisation, 17.5 per cent are women. Almost all of them are using labour intensive indigenous technology. They encounter various problems like marketing, shortage of raw materials etc. But lack of adequate financing constitute the most important problem.

Co-operative Banks, Commercial Banks, Regional Rural Banks and OSFC are the sources who supply finance to artisan units in the state. Co-operative Banks are seen to be supplying most of its credit to weavers co-operatives. Commercial banks have not increased their position in the matter of financing rural artisans. OSFC financing to the artisan units are declining in the state significantly. As
against this RRB financing to the sector is seen to be improving significantly.

These institutional financing agencies as stated above are also supplying credit to artisan units. The Co-operative Bank followed by Regional Rural Bank have made significant dent in this manner. But commercial banks financing in this regard have not improved significantly. As against this OSFC financing to artisans is going down considerably. It shows that both in the state and at the district level it has remained as a mostly neglected sector.

As against this the needs and aspirations of artisans units are growing in recent years. Sample study shows that they put forward a demand of Rs.6.98 lakhs. The financing agencies have supplied credit up to an amount of Rs.4.18 lakhs. It shows that Rs.2.80 lakhs of demand for credit has not been met by institutional sources. In percentage term this constitute 40.1 per cent. The sample artisans have taken finance from non-institutional sources. But borrowing from these sources have covered only 16.4 per cent of the credit gap. The shortage of financing thus affected the operation of units. Again, whatever is sanctioned that is not utilised for the purposes for which the loan was granted. There is a good deal of diversion between the purposes. Besides there is also a considerable utilisation gap. This has encouraged use of funds in undesirable channels.
Impact of institutional financing on output income and employment is quite positive on sample artisans in general. The income and output has increased by 20.6 and 20.2 per cent in post loan period respectively. Number of labourers employed and mandays employed have also increased by 5.6 and 3.9 per cent. It shows that impact is quite encouraging but the improvement could have been much more if adequate financing and proper utilisation had been undertaken by sample artisans. Moreover, it is noticed that impact is not uniformly felt by various units. However, it is noticed that 2 out of 10 units like bamboo basket making and coir works have not fared well during the post nationalisation period. In respect of output, income and employment generation, the performance of these units has declined in the post-loan period compared to pre-loan period.

The sample artisans have faced problems like dearth of adequate finance, inflexible loan policy and cumbersome credit procedure, shortage of raw materials, poor marketing, lack of training, guidance and etc. Institutions supplying credit to them also have faced certain problems like illiteracy and ignorance on the part of the borrowers lack of credit worthiness of artisans, presence of middlemen and vested interest groups, poor recovery of loans, absence of staff to undertake field supervision and follow up action, multiplicity in schemes for the same purpose and lack of co-ordination among credit agencies leading to double and multiple financing etc.
Looking at these issues, it is now essential to find out appropriate measures to improve the economic condition of artisan units.

In respect of the above conclusions from the field study, it is realised that, there is an imperative need to organise the artisan sectors from the grass root level. In the past, developmental schemes and policies are mostly touched upon by the well to do among the rural borrowers. So to give proper attention to these units, an atmosphere of organisational outlook is required to be developed. It is noticed that the artisans functioning under co-operation or joint stock organisation are relatively better off than the artisans who are working individually. Ideally speaking, the process of organising the artisan units would be done in such a manner that the artisans themselves will take the initiative and will build their own organisations and shoulder the responsibilities for their development. Therefore, it is felt that one of the best method is to bring them under co-operative fold. So that they can avail the facilities of institutional credit, marketing facilities, training programme, and easy supply of raw materials etc.

Adequate facilities should be provided to make the artisans literate. They should be given both functional and formal education. Necessary training programme is very much necessary for improving their efficiency. Provision of education and training for them will create awareness among
them. It will also make them capable enough to reap the benefits from various developmental schemes and policies. In this context, institutional financing agencies either jointly or separately conduct training programmes regularly for the benefit of artisans. Since the artisans are rural in character, the training courses need be reoriented to suit their purpose. At present, training programmes are, of course, conducted but they are more general in nature. Besides they are not conducted regularly involving different categories of artisans.

Artisans generally use labour intensive traditional technology. But it is now necessary to make an improvement of the indigenous technology used by the artisans from age old times. So that their style of production, items produced, time required for production and quality of products will show marked improvement. But the change of technology need not be more advanced type, sophisticated and costly because that will be beyond the reach of the sample artisans. Furthermore this has the demerit of replacing labour by capital. It is further required that the technology so adopted shall not only disturb the traditional art design and style liked by the general public.

In this connection, a suggestion is often made for the application of intermediate technology or appropriate technology. This need not be an imported one. This shall be
developed indigenously. This will combine both the good elements of labour intensive and capital intensive technologies. It will help to use capital but certainly not at the expense of replacing labour. It will be labour absorbing but at the same time capital using. This will encourage competitiveness and efficiency of artisans units. More specifically such a type of technology has more relevance in artisan unit like bell metal, weaving, coir works and applique works etc.

Adequate and timely credit should be provided to the artisan units by the financial institutions. Amount of credit supplied should be made adequate to meet their entire credit needs. Supply of credit should be calculated by taking into consideration inflationary rise in prices of raw materials and other inputs into consideration. Again financing be made timely by taking into consideration the peak season of respective trades. The rate of interest charged should be lowered further so that the artisan borrowers will not shoulder the entire burden and will repay the loan without any difficulty. Rate of interest charged by the institutional financing agencies be based on market related rate of interest. The demand for and supply of loan by rural artisans in the rural sector need ultimately decide the rate of interest more suitable for them. This will increase their competitiveness and efficiency. The present practice of giving concessional rate of interest to all need be discontinued. It must be under suitable cases enforced in favour of those whose performance
in the trade is not encouraging.

Furthermore, the procedure of financing to the artisan borrowers should be made simple, clear and a shortcut one. The application forms should be printed and prepared in the regional language. As a result of which artisans will not face any trouble while making an application for borrowing loan. The process of disbursement of loan should also be made such that it will require less time at the disbursing end.

Since artisan borrowers have no knowledge about the technicalities involved in various schemes and projects, the Small Scale Service Institute (S.S.S.I.) or Directorate of Industries or Orissa Technical Consultancy Organisation (ORITCO) need to undertake the responsibility of preparing feasibility reports of various projects in advance so as to enable the artisan borrower to raise loans easily from institutional credit agencies by using them. The feasibility reports prepared in advance must contain all details like scale of finance, quantity of raw materials required, number of persons required for employment, marketing prospects, and profit expectations etc. In the absence of any such information credit agencies face a lot of difficulties. This is one of the reasons for the cause of low and untimely financing by credit agencies. Once this proposal is implemented, the supply of credit to artisan borrower will be disbursed within 3 to 4 weeks as stipulated and desired. It is
also required that the loan need be provided to the rural artisans without any pressure from any side. It is very often noticed that the credit agencies are under pressure by the middlemen and vested interest groups in rural areas who mostly sponsor artisans to banks for loans. This is the effect of directed credit programme as envisaged by government from time to time. It is suggested by a recent report submitted under the Chairmanship of M. Narasimham that both the Central and State Government need to observe certain discipline while recommending for target oriented schemes and programmes. At the same time, it is suggested that credit agencies need to adopt simplistic loan policies and credit procedures for the benefit of rural artisans. They need to adopt norms of providing liberalised credit in an atmosphere of freeness and frankness. This will prevent the pressure groups to automatically remain away from adopting any pressure tactic. What is suggested here is that credit agencies need to play the role of a friend, philosopher and guide to rural artisans in all matters.

It is further necessary that the Co-operative Societies which are engaged in financing the rural artisans either through cash or raw materials should function actively without any conflict, confusion and politics. So that the assistance provided to the ultimate member artisans would continue throughout the year. Proper care and attention need to be given for the proper functioning of the artisan based
industrial co-operatives.

For achieving proper growth and promotion of artisan units certain suggestive measures may be discussed.

It may be suggested that necessary steps must be taken to make a proper survey about the existing artisan units. Proper identification will necessarily lead to proper implementation of developmental actions, chalked out for them.

Necessary steps should also be taken to bring the artisans into the co-operative fold, so that they will get all the benefits of being organised.

The artisans should be given some non-formal education, which will very much relate to their trade. Proper training and guidance should necessarily be rendered to them. So that they will be able to provide items having new design, style and variety. It will suit to the present market condition and will make the trade more profitable.

Exhibition and workshop-cum-sale should be arranged in large scale to render them a good marketing.

The output produced by these artisan units should necessarily be marketed by State Government or by the existing promotional institutions. It will reduce the importance of the private traders and middlemen.

Moreover the product produced by these artisans should
be purchased by all the government departments for their departmental use. It will boost their marketing and output generation.

While exporting the artisan product, the quality of the items should be strictly checked, so that it will lead to greater demand in long run.

Price charged by artisan product, mostly in nature of handicrafts, should be kept at a considerable level, so that a common man will have an access to it.

Shortage of raw materials, which constitute an important problem, should be sorted out at the institutional level, so that it will be available in time and at right price and throughout the year.

Moreover, for improving the productivity of these units, some new and innovative type of technology should be developed and implemented. The technology should be such that it will not disturb the labour intensive character of artisan units.

Loan disbursement to the artisans should be made within the stipulated time period.

The repayment period should be fixed at peak season of their trade so that the burden of repayment may be lessened. The bad recovery greatly hampers recycling of fund. So the artisans who failed to repay their dues should be strictly handled.
To check misutilisation the institutions should carry out necessary follow up action and supervision. Statistics published at banking circle should give a special attention to artisan sector. It should not be merged in the small scale sector.

The banks have undertaken lead bank survey, which is mostly limited to Block level and it does not give proper information about villages. Now there is a need for gathering proper information at the village level. There need be for greater integration between district level planning with credit planning and credit planning by banks and other credit agencies. This will help to bring out the true picture of rural economy and of rural artisans living there.

In order to improve the condition of the artisan units functioning in the district and the state as well they should be provided with the above mentioned facilities. From the banking point of view also there are some suggestions which have to be followed.

The credit agencies must see their presence felt in the rural areas. At present credit agencies are required to serve a cluster of villages. Villages lying at the distant place find difficult to maintain contact regularly with the credit agencies. Besides the credit agencies need to make publicity of their schemes, programme sand policies in the rural centres. In this connection the service of village volunteers
as suggested by NABARD need to be implemented. In order to serve the rural areas and the clients better, the presently adopted Service Areas Approach need be pursued. Under this a branch of credit agency will cover only one or two villages for effective lending.

The staff of the bank branches should be made well aware about the facts and figures of the rural areas where they are operating. They should be adequately informed about the areas, its people and various activities pursued by them. Further they are to make perfect judgement about the projects and persons with whom they are called upon to involve.

Credit agencies have rendered more of working capital followed by term capital. However the supply of consumption credit is not regular as per the need of the borrower. It is suggested that credit agencies after thorough scrutiny of the activities of artisans need to sanction consumption credit but at the same time need to see that they are utilised for the purpose for which it is given. This is also true for working capital and term capital. For this, supervision and follow up action at the branch level need be geared up. It is suggested with this context that the Branch Managers and his staff at the branch level must maintain their personal rapport with the artisans. This will ease a number of problems.

Poor repayment of credit is one of the important problems of institutional credit agencies. Almost all types of
borrowers in the rural areas have this difficulty and rural artisans are no exception to this. Poor repayment on the part of rural artisans is not solely due to their negligence. A majority of the borrowers fail to repay on account of poor economic condition. Hence it is necessary on the part of institutional credit agencies to reorient their repayment schedules. Artisan borrowers need be educated and trained to repay loans regularly as this will give them an opportunity to borrow frequently from the lending agencies. For this, monitoring of end use of credit by credit agencies is essential.

Besides, for the generation of surplus income by the artisan borrowers both credit agencies and developmental agencies need to provide complementary inputs to artisan borrowers. For willful defaulters, wherever necessary legal action be instituted to recover loans. While sanctioning loan, the credit agencies must see that loans do create assets for the borrowers. Once assets are possessed that will encourage them to engage in viable occupational activities.

It is often observed that at the time of fixing the terms of repayment the banks should take the peak time of trade into consideration. This is required to be implemented mostly in case of fixing the repayment of the working capital loan. So repayment schedule should not be fixed on monthly or quarterly basis as far as possible.
To achieve all these goals the banks should be properly staffed. More particularly at the present juncture there is need for having field staff in the rural branches of credit agencies. They should have a cell of specially recruited trained young men and women for this matter. The banks may have a cadre of locally recruited field assistants for supervising for rural lending programmes.

Supply of information and guidance is one of the areas which requires utmost attention. As a matter of fact rural artisans often fail to know about the schemes and programmes announced by government and implemented by institutional credit agencies from time to time. In fact there are a number of schemes and programmes having a direct bearing on rural artisans. The rural artisans fail to reap the advantages of these programmes due to their ignorance. On the side of institutional credit agencies, supply of information and guidance about the schemes and programmes is lacking. It is, therefore, suggested that the credit agencies need to have credit information and guidance cells in branches operating at the block level. Besides, these cells must also discharge the responsibility of counselling on matters vital to artisans interest.

In line with district level consultative committee, block level consultative committee be established. This will help for the integration of block level planning with credit
planning at the block level, a matter which is now traced more in the recent plan documents. In the block level consultative committee, matters relating to small borrowers including rural artisans need be fully discussed. At the same time efforts need also be made to meet both financial and non-financial requirements of the artisan borrowers. For this the block level consultative committee must ensure full co-operation of the developmental agencies and credit agencies at the block level. Wherever possible, rural artisans with good reputation need be associated in the discussions held in the block level consultative committees.

It is often found difficult to obtain data and information on artisans in general and rural artisans in particular. The data published by the Directorate of Industries is sketchy and incomprehensive. Similarly data and information gathered by credit agencies also lack comprehensiveness. Directorate of institutional finance, Government of Orissa, do not have adequate data and information relating rural artisans. Even data and information supplied by Reserve Bank of India is not regular and timely. Besides, it also fails to go into all the aspects of artisan sector. In this connection, it is therefore suggested that a comprehensive survey covering all aspects of rural artisan sector ned be made by Central Government, Reserve Bank of India or State Government and its agencies. This comprehensive survey need to highlight the historical background of each artisan units, its growth over
time, the traits and characteristic of artisans, the schemes and benefits available for the development of rural artisans, their volume and size of expansion etc. Such a survey undertaken in the state will not only be beneficial to credit agencies in course of their operation, but also essential for researchers, planners and voluntary organisations working for the benefit of this hitherto neglected sector.

If measures as suggested in foregoing paragraphs are adopted in right earnest, the rural artisans will have a prosperity. Their contribution to development of state's economy will be far-reaching.