CHAPTER - I

Place and role of Rural Artisans in context of Rural industrialisation

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CHAPTER - I

PLACE AND ROLE OF RURAL ARTISANS IN CONTEXT OF RURAL INDUSTRIALISATION

The Indian economy as well as the Orissa economy have always remained agrarian in nature. They have generally been termed as industrially backward. The economy being principally dominated by the primary sector has not given way to massive and wide spread industrialisation. Greater importance has always been given to the agricultural sector in all these years, since the launching of Five-Year Plan in 1951. However, for attaining accelerated and self sustained growth the development of both agricultural and industrial sectors were considered vital in the scheme of planning and development. Under the impetus of planning industrialisation received utmost attention during plan period. However, it is noticed that expansion of large and medium scale industries was quite phenomenal. The process of economic policy and planning persued both at the centre and in the state have encouraged the growth and expansion of large and medium industrial enterprises. These industries alone encountered for a sizeable bulk of investment meant for industrial sector. These industries are mostly established in big metropolies, cities and urban towns. It was initially thought by the planners that the establishment of large and medium scale enterprises in big cities and
towns would help in transmitting the benefits of industrialisation into remote rural areas where they were mostly required. But in course of time it was noticed that the growth inducing impulses of industrialisation did not flow from cities and towns to rural areas where majority of the population in the country and at the state level lived. In other words the benefit of industrialisation did not percolate downwards to touch majority of population living in remote rural centres.

The rural areas thus remained isolated from the pace of industrialisation pursued at the national level. Consequently they continued to remain agrarian and backward as before. However, at present greater thrust has been imposed for industrialising the rural areas through the development of rural industries like village and cottage industries. These industrial units are mostly traditional in nature. Moreover, these industries are mostly seen and practised in the rural households with traditional tools and implements. These industries however have got immense potentiality to provide immediate job opportunity at a low unit cost. Being labour intensive in nature these units have the capacity to create substantial employment facilities in the rural areas. Moreover, these units mostly produce products based on locally available resources. Against this background the importance and role of rural artisans engaged
Industrialisation in general is said to be an essential requirement for a rapid and self sustained development of an economy. While looking into the economic history of other industrially advanced countries of the world, it is envious that the accelerated pace of economic development was mainly possible in these countries due to rapid industrialisation. It may be observed that the process of industrialising the economy was carried out in those countries with the expectation that this would help increasing national income and per capita income to a large extent. Besides, industrialisation would further help for a structural transformation of the economy, by which the economy will gradually switch over from primary to secondary sector and later to adopt a more developed tertiary sector. As a result of this there is the hope of increasing higher income and employment in the economy. A structural shift of this type thus not only solve certain inherent problems associated with the concept of growth and development but sets in motion a chain of activities by which the growth becomes a self propelling one. The newly independent countries of Asia, Africa and Latin America have hoped to repeat the performance of the developed countries and become industrialised. However, it is noticed that their
hopes have not been materialised and the weak industrial base adopted by the developing countries have rather deepened to push them farther off from the path of development.

The share of the industrial sector in the total GDP can be viewed as an important indicator of the level of industrialisation of a country or a region. In 1980 the proportion of total industrial output to the Gross Domestic Product in the developing countries (minus India and China) was less than 20 per cent. This proportion was higher for India (26 per cent), China (47 per cent) and middle-income countries (37 per cent). As against this, for the rest of other developing countries it was too low to have any perceptible impact on them. But however, the gross figures stated above are very much disturbing, when it is compared with that of numerous socio-economic problems faced by these countries. While examining their implications, for the vast majority of the poor living in rural areas of these countries, one can very well realise the limited role of industrialisation in these countries. The limited role of industrialisation is also greatly noticed in the country like India. After so many years of planned economic development, her various regions are still out of the touch of industrialisation. As a result of this even today a bulk of its population are still depending on agriculture for
their livelihood and occupation. It is not that structural
sift is completely absent but the change is very thin and
weak. So industrialisation and modernisation has not moved
to the rural areas as desired. It is due to the fact that
industrialisation, by and large, is being confined to large
urban centres and tends to cater to the needs of only small
urban elite groups. Furthermore, lack of capital, absence of
trained manpower and entrepreneurship kept rural areas
outside the purview of industrialisation. Rural
industrialisation has, therefore been one of the major
thrusts of many developing economies, including that of
India.

1.01. MEANING OF RURAL INDUSTRIALISTION

The word 'Rural Industrialisation' ordinarily means
industrialising rural areas or developing industries in the
rural areas. The concept of rural industrialisation, however,
has been viewed from two perspective angles; firstly it may
be termed as 'industrialisation in rural areas' and
secondly, it may be termed as 'industrialisation of rural
areas'.

The first category, which is termed as
'industrialisation in rural areas' is a programmatic
approach. It puts emphasis on the type of industry which
can be developed or dispersed in the rural areas and how it can be established under the available factors of production and market condition prevailing in the rural areas. It mostly presupposes establishment of (i) large industries, which use agricultural products as their raw materials, (ii) artisan units which are mostly traditional, and (iii) small scale units which undertake processing agricultural products. It shows that industrialisation in rural areas is often characterised by straight jacket national programmes and even international programmes.

In the second category which is termed as 'industrialisation of rural areas', a greater emphasis is put on industrialising the rural areas. Rural industrialisation here is treated as a subprocess as well as a means to diversify and modernise the rural economy. Here the emphasis is on the modernisation needs of the society and the identification of the specific role that rural industrialisation can play to meet those needs. Flexibility and development need oriented strategy are the hallmark of this perspective. It laid emphasis on industrialisation as a means to develop the rural areas. Thus, it requires a systematic change and intervention into the prevailing structure to promote rural industrialisation. And the structure differs from country to country and region to region. Accordingly the rural industries which are required to
be developed also differ from country to country and from region to region.

It may be noted that for making the rural areas industrialised, it is not very much reliable to depend on the first type of straight-jacket programmes. It is due to the fact that a bulk of the people living in rural areas are unskilled and are not able to engage themselves in modern type of industries started in rural areas. Furthermore, it is not very much easy to change the technological level of these industries to suit to the moods of these rural people. Again the skill of rural people can not be so upgraded over night to meet the modernisation needs. On this background, the 'industrialisation of the rural areas' seems to be more relevant.

1.02. TYPOLOGY OF RURAL INDUSTRY

Rural industries have been defined differently in different countries and from region to region. However, classification in general is mostly made on the basis of capital and labour invested. In case of India, rural industries mostly mean village and cottage industrial units which constitute the lowest category under small scale industrial units.
Small scale ancillary units, one of the important type of small scale units are generally engaged in manufacturing part, components, sub-assemblies, tooling or intermediaries and supplying or proposing to supply 50 per cent of their production of the total service as the case may be to other units of production. Besides, according to present yardstick these units are also required to make an investment in plant and machinery up to ₹.45.0 lakhs in total. However, the industrial units making an investment in plant and machinery up to ₹.35 lakhs are treated as small scale industrial units. The enhancement of investment limit from ₹.7.5 lakhs to ₹.10.0 lakhs was made effective from 1978 and to ₹.20 lakhs from 1980 and further to the present limit of ₹.35 lakhs from the year 1985.

Again tiny units which constitute another variant are those units of small units which are mostly located in villages and towns with a population not exceeding 50,000 and whose original investment in plant and machinery does not exceed ₹.2 lakhs. As against this, village and cottage industries which constitute the lowest form of small scale industries are defined to mean activity of artisans (irrespective of location) or of small units (viz. manufacturing, processing preservation and servicing) in villages and small towns with population not exceeding
50,000, involving utilisation of locally available natural resources and/or human skills and where individual credit requirements do not exceed ₹.25,000/-.

On the basis of this definition it is observed that the Government of India has put greater emphasis on the development of artisan based village and cottage industrial units in the country. The meaning and definition of various categories of industries as mentioned above are found explicit expression in the industrial policy resolutions announced from time to time by Central Government in general and the State Governments in particular. As such, village and cottage industries broadly includes industries in the category of Khadi and Village Industries, Handlooms, Handicrafts, Coir and Sericulture. The characteristic features of these units are that they are mostly located in the rural areas and in semi urban areas. Besides they mostly use locally available resources. Furthermore capital investment of these units remain very low. Finally they do not require high and sophisticated technology etc. It is a fact to note that the term called rural industry may also include some other type of industrial activities. However, for purpose of this study the artisan units as mentioned above and again making investment upto ₹.25,000/- towards meeting their credit needs are only considered.
1.03. NEED FOR RURAL INDUSTRIALISATION

Industrialisation of the rural areas is required, at present, for multifarious reasons. The most important among them is that industrialisation in the rural areas, seems to be mostly fitting into the new concept of 'growth point' theory. In the context of our economy the theory basically mean developing the economy at the grassroot level and village level.

The 'growth point' model envisages a four tier system of growth strategy. Under the system the growth process is required to be mooted from the village level, which may very well be termed as 'service centres'. Service centres are at the lowest level, and are centres of activity serving a population of 5 thousands to 10 thousands, concentrated in one village or dispersed in a number of villages or hamlets. These centres are called Service Centres in the sense that they possess certain service centres in the form of custom services, community centres and government functionaries. The long term objective of these 'Service Centres' is to create channels, through which urban growth inducing impulses can penetrate into the remotest part of the country. Development of these centres will generate external and internal economies of the scale.
In the next level, in the hierarchy there are 'growth points'. Growth points are very much crucial points and they may lie between ten to twenty service points. The development of growth point will generate economic activity in the local areas and will create a situation where a sizeable portion of rural population which is swelling into the urban slums of the large cities, can be absorbed.

In the third stage of the growth programme, there are 'growth centres'. The population of these centres may vary between 50 thousand and 5 lakhs on an average. But their impact will be felt by large sections of population ranging between 10 lakhs to 20 lakhs. These growth centres are mostly functioning over five to ten growth points. These centres will possess manufacturing or secondary activity as their principal activity. These growth centres are thus full grown urban centres.

At the apex of the growth strategy there exists the 'growth poles', which serve a population ranging between 5 lakhs and 25 lakhs. These growth poles have got the capacity of disseminating financial, technological, research and industrial impulses to all the centres and points within areas of their operation.

According to the model both internal and external forces are required to function in harmony for the growth of
the area. The internal forces will be generated by the available entrepreneurs who are capable of undertaking any industrial activities. External forces, however, operate out of the availability of infrastructure facilities, which are existing or will be supplied with plan effort. The two forces functioning effectively will lead a climate of growth, which will change the stagnant and semi-stagnent rural economy, to a dynamic growth path.

To make the things more clear it may be said that the growth thus achieved in the service centres and growth points will create two types of spread effects. Primarily, it will improve the socio-economic condition of the rural areas or villages and the people living there of. Simultaneously, being developed internally it will also help in supplementing the growth and development of urban centres, growth centres and the growth poles. Thus, it will create linkages both backward and forward. In this way there will happen a two way flow of developmental activities from service centres towards growth poles and from growth pole towards service centres.

This type of interaction can only be achieved and the overall growth can well be realised, if industrial activities in the rural areas will be properly activated and encouraged. This responsibility may not be sifted to
agriculture. Because of continuous pressure of labour force in agriculture, the sector has been over crowded with surplus manpower. So the ultimate solution lies with developing and protecting the rural industries in this regard.

It may be emphasised that the purpose of industrialisation in rural areas is to carry out the message of modernisation to the villages and stimulate their social and economic progress. For the purpose the candidate centres or growth points for the rural industrialisation should be so chosen that the effects of modernisation could easily radiate to villages lying on the periphery within a given radius. Such centres may be well equipped with infrastructural facilities to certain extent, so that it will provide enough external economies to help reducing industrial costs to the minimum and yet bring the benefits of industrialisation to a majority of rural population. Thus the industrialisation in candidate centres will create sufficient demand for and utilisation of agro-based raw materials. And secondly, it will also generate adequate demand, which would come only from enhancement of the purchasing power of the people in nearby or surrounding villages. Thus industrialisation of the growth centres supported by surrounding villages could in turn support the socio-economic transformation and modernisation of the later
by effectively radiating spread effects. By the same manner the industrial activity in growth points will support developed industrial towns and cities and will be benefitted from radiation of the latters' spread effects and modernisation. It thus shows that rural industrialisation has got capacity to break the problem of unbalanced growth. And moreover, it will create a situation where various areas will be developed simultaneously, in terms of supporting and sustaining one another's economic activity and social and economic development on the basis of local multiplier and radiation effect.

Besides this, the rural industrialisation is also required for the purpose of reducing continuous pressure on agriculture. In our state as well as in the country, a bulk of the population lives in rural areas and depend upon agriculture for their livelihood. In such a situation the economic development of a region as a whole will not be improved unless the rural income and employment are improved in a substantial manner, in a short span of time, and this can only be done through the development of rural industries. If we look to economic history of other industrially advanced countries of the world, then it is clear that their economic development has only been achieved through industrialisation. Furthermore, industrialisation is carried out in those countries in such a manner that
national income and per capita income have increased significantly. Besides, structure of the economy has also undergone transformation. It has gradually switched over from primary sector to secondary sector; and then to tertiary sector. As a result of this income and employment in agricultural sector diminished and that of manufacturing sector and service sector has increased. However, the situation that exist in the developing countries today is somewhat different from the observation made above. In almost all the developing countries, agriculture continues to remain as the mainstay of the majority population who mostly live in the rural areas. It is true that in the recent years the percentage share of secondary and tertiary sector in the total Gross Domestic Product have increased compared to that of the agriculture. Yet the latter still continues to be the major sector in the economy. It is in this background that a suggestion for the development of rural industries is often made. It is not that structural shift is completely absent but the change is slow and thin. There is the need for persuading entrepreneurs to start rural industries in the countryside.  

Rural industrialisation generally leads to urbanisation of the rural areas. It is said that industrialisation and urbanisation go hand in hand. Urbanisation leads to a situation where the people generally
becomes more efficient economically. The well developed social and economic infrastructure help them to develop their innovative and creative outlook towards better production. But the fact is that the pace of urbanisation is very much slow in the country as well as in the state. Till today only about 11.8 per cent of the entire population are seen to be living in urban areas of the state. Moreover, the process of urbanisation is very much limited to big cities and is not diffused throughout the nook and corner of the entire country. As a result, a major portion of the country's population has not been influenced by the socio-economic changes, which have occurred with industrialisation and urbanisation. But it is very much required that the process of industrialisation and urbanisation should move to the suitable growth centres around villages. Considering the preponderance of the agricultural and rural sectors, the structural shift should be promoted through intensive efforts of developing village or rural industries.

It is not only that promotion of village and cottage industries or rural industries leads to urbanisation but also it has got a greater role in reducing the dualistic nature of the economy. As stated earlier the process of urbanisation and industrialisation is mostly concentrated in the urban areas. As a result of which a dual economy is
seen to be existing. In one side there are sophisticated industries, high technological investment and ultra modern life style etc., which are confined to cities and metropolies. As against this there are poverty, lack of civic amenities, lack of proper facilities of health and sanitation, and traditional industries using tools and implements operating in the rural areas. This type of dual economy is generally responsible for continuing development stimuli in a few cities and towns while keeping a vast majority of population living in rural areas to remain out of its reach. It aggravates the centre peripheral conflict and thereby stands on the way of optimum allocation of resources. To solve this problem, creation of large scale employment opportunities in the rural areas is very much required. For this purpose development of rural industries seems to be the only solution.

Moreover to have a sustained growth rate in the economy, the necessity of developing industries located in rural areas is quite essential. Originally the growth strategy was on development of heavy industries and large scale industries, with the main purpose of import substitution. But subsequently it is noticed that these industries have ultimately led to inflationary situation, shortage of essential commodities, continuous balance of payment crisis, concentration of infrastructure in cities
and negligence of rural sectors. Accordingly the planners have sifted their priorities, in favour of the agricultural sectors, since later part of the Third Five-Year Plan. The introduction of 'green revolution' has made the agricultural sector more important, by solving the food problem of the country\textsuperscript{15}. But due to frequent visit of natural calamities the income and employment generation has faced a set back in the agricultural sector. The national income also showed a vast amplitude of fluctuations from year to year depending on the performance of the agricultural sector. This resulted in pulling down the long term growth rate of the country to a considerable extent. So it is noticed that greater dependence on large scale industries and on agriculture has not helped in enhancing the growth rate of the country. The long term growth rate as a whole has never remained above 3.5 per cent per annum. With 2 per cent of annual population growth rate, the actual growth rate of the economy has remained only at 1.5 per cent per annum. So in this context, one may feel that when food problem is already under control due to the introduction of green revolution, the priority for a sustained growth rate is to be achieved at the desired rate. For this purpose an integrated development of rural areas, through a complementary growth of agriculture and industry, is mostly required. For the purpose the promotion of artisan based rural industries seems to achieve the desired solution.\textsuperscript{16}
Besides all these rural based village and cottage industrial units are also required for the implementation of government level programmes for the benefit of poor in the rural areas in a better matter. It is noticed that various special schemes have been drawn up by the government for the benefit of the low income earning group living in the rural areas. These programmes include Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labours Development Agencies (MFAL), Drought Prone Area Programme (DPAP) and Tribal Development Agency (TDA) etc. In course of their operation these programmes however, have exhibited certain weakness. Though expenditure on these programmes have increased under various plans yet their impact on weaker sections is not very much encouraging. A World Bank Study made in 1977 shows that identification of small farmers were mostly faulty and supply of credit to them was not covering the entire credit need of these farmers. This resulted in poor recovery of loan and mounting overdues on borrowers etc. All these programmes are observed to be in the nature of palliatives rather than correctives. They are certainly useful for helping the weaker sections but their relevance could be further enhanced if a well designed rural industrialisation programme could be conceived and developed for adoption. Because it will help in transforming the rural economy by removing the evil influences of the dual economy.
Furthermore, artisan units which constitute an important segment of rural industries are required to be developed in the sense that, they will help to promote the growth of both the sectors like agriculture and industry, simultaneously. Development of both the sectors is very much required for an overall improvement of the growth rate of the economy. Development of rural industries is very important to instill a dynamic change in both agricultural and industrial sector. In the first place, expansion of industries at the village level requires more agro-based raw materials, which will ultimately lead to more production, price stability and increase in the living standard of the people. Secondly, industrialisation is required to have certain strong forward and backward linkages. As a result of which a given volume of investment would make a far greater dynamic chain multiplier impact on output, income and employment, in the rural areas as well as outside of it.

It is also fact that due to larger application of mechanisation in agriculture there will be some displacement of workers from farm sector. For employment of these displaced persons village and cottage industries appears to be the only hope. Due to adoption of new agricultural technologies a certain portion of agricultural labourers will remain out of job for some time. Consequently this will affect their wellbeing. Viewing from this angle the only
permanent solution to the employment problem of these displaced farmers and landless labourers seems to lie clearly on job creation through expansion of rural industrial activities.

It is further estimated that the labour absorption capacity of the agricultural sector in general is going down. Nearly 75 per cent of the population of the country was depending upon agriculture for their occupation earlier. Now the proportion has gone down to 68 per cent according to 1981 Census. It is estimated in future the proportion will still go down. With the increase in number of population the labour absorbing capacity of the agricultural sector is not increasing. It is also estimated that percentage of labour force on non formal sector may increase from the existing level of 10 per cent to 30 per cent in the coming two or three decades. In this context the role of rural industries becomes more important for providing alternative avenues of employment to rural labour force.

Development of rural industries is essential for checking exodus of rural population from rural centres to cities and urban towns. When rural population migrate to urban areas it creates socio-economic problem. It results in the growth of informal sector. There is congestion, mushroom growth of slums and sanitation. To solve these problems, industrialisation in the rural areas need be
undertaken in a vigorous scale. For this rural industries in the form of village and cottage industries constitute an ideal alternative of employing labour in a large scale and of generating higher income and improving the standard of living of the rural poor.

As stated earlier, the artisan units coming under the category of Khadi and Village Industries, Handlooms, Handicrafts, Sericulture and Coir constituting the most important form of rural industries, are seen to be operating in the country as well as in the state. A bulk of the rural population are engaged in these trade not only at present but from age old times.

Available data show that in the year 1971, in the country, there are nearly 70 lakhs of artisan units. Of which 15 lakhs are engaged in spinning, weaving and related activities and 8 lakhs in brick making, construction and carpentry and the balance spread in activities like food processing, leather manufacturing and non-metallic mineral products. As per 1981 Census, which followed a different classification, the number of workers engaged in artisan based units are seen to have increased to 23 million. It is noticed that these units provide the largest number of employment opportunities after that of agriculture.
1.04. NEEDS AND ASPIRATIONS OF RURAL ARTISANS

The growth and promotion of these artisan units greatly depends upon fulfilment of their needs and requirements. It is noticed that persons engaged in the village and cottage industries generally live in rural areas, which mostly lack proper infrastructural facilities. An average village of our state mostly lack all-weather roads, proper water and sanitation facilities and other social and commercial facilities. In case the infrastructural facilities will be developed then the spread effect from urban areas will move to these areas and socio-economic transformation of the village and artisan units can be attained.

Another most important requirement for their development is the provision of proper education and training facilities. Training and education which are required by artisans should be of functional and technical type in nature. In fact the successful implementation of rural industrialisation programmes mostly need the non-traditional type of training programmes, which will be of immense help to the artisans.

The rural artisan units generally are of labour intensive in nature. They use simple indigenous technology for their unit. But it is required that for their growth and promotion certain innovative and new technology should be
developed and applied. The technology thus developed should be of such type that they will generate more production and side by side will not be labour displacing in nature.\textsuperscript{28}

Growth and promotion of artisan units further requires marketing of their product at the institutional level. It will make them free from the clutches of traders and middlemen etc.\textsuperscript{29}

Artisan units requires not only easy marketing but also easy supply of raw material. Raw materials which they use are mostly of agro-based, marine based, forest based and mineral based in nature. Due to reasons like afforestation and environment protection, these resources are going to be out of reach for them. So supply of raw materials from institutional sources will promote their trade.\textsuperscript{30}

Besides all these, finance is the most important requirement of the artisans. When timely and adequate supply of finance is assured it makes the rural industrialisation a success. The entrepreneurs engaged in various village and cottage industries are mostly poor and face dearth of resources to undertake investment.\textsuperscript{31} They are mostly trapped in a vicious circle of low production, low income and inadequate investment. To break this dead lock sufficient resources need be channelised to the artisan
sector by various institutional credit agencies operating in the country and in the state. However, the All-India Debt Investment Survey conducted by RBI in 1971 shows that of the total financing made available to the artisan sector in the state 7.4 per cent was supplied by the institutional agencies. As against this 92.6 per cent of the assistance was obtained from non-institutional sources. It shows that there is greater need for financing the artisan sector from institutional sources.

It may be observed that for the development of rural artisans, finance is necessary but this may not be the only essential condition. Along with finance, the rural artisans need certain complementary assistance like marketing, storage, supply of inputs through retail channels at reasonable price, training and guidance and above all patronage by government and semi-government organisations for furthering their trade. Thus, the rural artisans need both financial and promotional opportunities for the success of their units.

Keeping all these in mind the government of India, in collaboration with the state governments has promoted so many financial institutions, organisations, agencies, and boards, for this purpose. These institutions have been designed for supporting the rural artisans not only in the
matter of financing but also in the matter of providing assistance in the form of marketing, technological improvement, supply of raw materials, custom services, training and guidance. The government has set up All India agencies like Khadi and Village Industries Commission, All India Handloom Board, All India Handicraft Board, Central Silk Board and Coir Board etc. which are mostly of promotional in nature. In the state level also the government has also set up Orissa State Handicraft Corporation, State Handloom Development Corporation and etc. for this purpose.

Apart from these boards and agencies various programmes have also been started by the government for the growth and promotion of rural industries. One such programme is the Rural Industries programme, which was started in 1962-63. This programme was initially started in 49 districts of the country but later it covered all the districts excluding towns of over 25,000 population. The project necessitates identification of industrial centres and promotion and extension of services of various kinds in these centres. Central government provided 100 per cent grant to meet the establishment cost and entrepreneurs were given loan at the rate of 5.5 per cent per annum. The projects however, could not succeed for long due to lack of
proper marketing facilities and inadequate training facility in the rural centres etc.  

To facilitate development of artisan units, DICs (District Industries Centres) were set up in May 1978. This replaced erstwhile Rural Industries Project Programmes operating since Second Five-Year Plan. Out of 415 districts it covered nearly 410 districts of the country. It thus acts as a promotional centre looking into the overall needs of the rural artisans.

Integrated Rural Development Programme (IRDP) was formulated later to render more direct benefit to the rural artisans living in countryside. Under the scheme 600 poorest families including that of artisans are required to be identified and helped each year, in each Block, during the Sixth Five-Year Plan. Among these families 100 families would be assisted through the village and cottage industries and another 100 families through rural service activities. It was estimated that during Sixth Plan period around 25 lakhs of families would be covered under village and cottage industries and an equal number in rural service sector.

Growth and promotion of rural artisans must form an important policy objective in any scheme of developmental plan. The occupation is traditional no doubt but it has a large bearing on the growth of the economy. They contribute
positively towards the generation of output, income and employment in the economy. These artisans, who are hitherto neglected, need be encouraged to join the main stream of development. In their efforts towards contributing for development, the rural artisans, however, come across with certain problems. Of the problems met by rural artisans, lack of finance is identified as one of the main bottlenecks. Since the rural artisans are poor and men of small means they do not have adequate finance of their own. Consequently, supply of finance through institutional sources is considered more plausible. Since nationalisation of banks in the year 1969 till the present time a wide spectrum of institutional credit agencies have come into existence in the state in general and Puri district in particular. Over the years, liberal financing by institutional credit agencies has helped rural artisans to grow in size and in number. Besides, various promotional measures by institutional credit agencies and other developmental agencies have also been followed for the upliftment of rural artisans. It is against this background that an humble attempt is made to study the role of institutional financing agencies for the development and promotion of rural artisans in Orissa with particular reference to district of Puri.
1.05. SUMMARY

The chapter highlights that growth and development of artisan units are very much required in the recent years. Five-Year Plan documents have broadly classified artisan units into categories like Khadi and Village Industries, Handloom, Handicraft, Coir and Sericulture. The growth and promotion of these units are very much required due to the fact that these units being labour intensive in nature are able to create more employment at less cost of investment; which the big business enterprises are unable to provide. The artisan units are able to provide adequate job opportunities in the rural areas where unemployment and underemployment are more severe. It is observed that agriculture provides maximum job opportunities in the rural areas to reduce pressure of population on agriculture. This will further help in removing poverty and backwardness in agricultural sector. Besides this the development of artisan units are able to gear up the process of urbanisation and modernisation, in the rural as well as semi urban centres. So that it will help in achieving an overall structural change and balanced improvement in the region as a whole.

However, the growth and promotion of these units require certain facilities like good marketing facilities, regular and easy supply of raw materials, improved technology, training and guidance, suitable policy schemes and adequate financing etc. It was noticed that among all
these sufficient institutional financing constitute the important requirement for their growth and promotion.

REFERENCES

2. Ibid., p.57.
4. Idem.
6. Ibid., p.3.
8. Ibid., p.97.
10. Idem.
16. *Idem*.


33. Ibid., p.40.