

Indian Handicrafts: Growing or Depleting?

Ms. Shreya Jadhav,

Freelance Faculty & Trainer, Mumbai

Abstract: *The Indian handicraft industry forms a major part of the rich cultural heritage of the country. It is an unorganized, decentralized, labour intensive cottage industry. Some of the strengths identified are availability of abundant & cheap labour in the country, use of local resources, low capital investment and unique craftsmanship in the manufacturing of products along with increasing appreciation by international consumers. Despite the strengths, the industry faces a number of problems in the country such as low literacy and education levels, lack of modern / technological skills & lack of adequate finance. The planning commission acknowledges the fact that the unorganized sector that constitutes about 93% of the workforce doesn't have a structured system to support acquiring or upgrading of skills. The 12th Five Year Plan's vision for the handicraft sector includes creation of globally competitive handicrafts and provision of sustainable livelihood opportunities to the artisans through innovative product designs, better product quality & use of technology while preserving traditional art. Various schemes have been designed and efforts have been taken to achieve this vision. How effective are these efforts, remains questionable. This case, through a secondary literary study presents the current situation of the handicraft sector and the artisans alike in order to facilitate analysis of problems and identification of developmental pathways.*

Introduction:

In the words of Prof. C. K. Prahalad, Paul & Ruth McCracken Distinguished University Professor, Ross School of Business, University of Michigan, "India needs to focus on the flowering of arts, science, and literature. The goal is to see India become the world's benchmark on how to cope with diversity. It can become a benchmark for the practice of universality and inclusiveness. Inclusive growth is not about subsidies. It is about creating sustainable opportunities." (Prahalad, 2007) This inclusive growth can be possible when the government concentrates on not just the flourishing organized sector but also the unorganized sector, especially the handicraft industry that has been struggling to make its mark in the past few decades.

The UN report of the World Commission on Culture and Development (1995) has made a solemn and sombre admission that many development projects had failed because the importance of culture had been underestimated. Culture, which is the soul of development, can no longer be ignored and needs to be explicitly stated in the notion of human development.

The India@75 initiative's vision includes (India@75 - The people's agenda (National Vision Document), 2009):

- creating attractive & lucrative career opportunities in the field of arts, sports & literature,
- identifying talent from the grassroots level,
- preserving local arts & culture by promoting the same at the global level,
- providing vocational training as well as financial support to arts & artisans & giving impetus to arts as a subject in mainstream education,
- achieving 100% functional literacy for every Indian,
- creating a platform for knowledge creation, talent development & providing learner-centric education,
- encouraging industry partnerships to provide professional skills to the workforce & building vocational training centres / colleges based on local requirement,
- helping small & medium enterprises to sustain by providing a supportive environment & thus generating new employment opportunity for millions in the country.

The Handicraft Industry:

India is known for its rich culture which includes many art forms. The handicraft industry has a history of several centuries. The artisans in the earlier days were known worldwide for their skill and craftsmanship. The carvings on the temples testify this fact. Exports of Indian hand crafted goods have taken place from time immemorial (Rao, 1979). This sector, which forms a major part of this rich cultural heritage of the country, utilizes the traditional skill of artisans in various crafts such as wooden ware, metal ware, textile weaving & printing, marble & stone crafts, leather works, jewellery etc. This skill is handed down from generation to generation in the form of family tradition. True to its name, the "Handicraft" (crafts made by hands) industry

uses conventional manual methods instead of advanced technology for making various items. It is an unorganized, decentralized, labour intensive cottage industry. (Handbook of Statistics and Indian Economy, 2006)

It is currently difficult to quote the exact size of the industry as the census of the Handicraft Industry is in progress, clearly indicating how ignored this industry has been in the past. The Minister of State for Textiles, Panabaaka Lakshmi, in a written reply to the Lok Sabha stated that, as per the results made available on different parameters pertaining to the handicrafts sector based on enumeration undertaken till now, the estimated artisans in India during 2010-11 were 6.8 million (PTI, 2013).

The handicraft industry in India involves large number of artisans from rural and semi urban areas. The rural segment accounts for 78.2% of the units produced and 76.5% of the artisans while the urban segment accounts for the rest. (Ernst&Young, 2012) Most of these are women & people from the economically disadvantaged groups.

Some of the strengths of this industry include the availability of abundant & cheap labour in the country, use of local resources, low capital investment and unique craftsmanship in the manufacturing of products along with increasing appreciation by international consumers. (Hashmi, 2012) The irony of the situation lies in the fact that despite these strengths, the Indian handicraft export comprises of a meager 1.2% of the world's market for handicraft & 1.5% of the country's overall exports. The encouraging growth statistics at the macro level no longer stand true when micro level needs are ignored.

Major problems faced by the artisans in the Handicraft Industry:

The period of prosperity ended with the arrival of British. The stock of goods began to accumulate with the guilds. The British government turned a blind eye towards the miserable state of handicrafts and craft artisans. Efforts were made by national leaders like Mahatma Gandhi to protect cottage industries. On attainment of Independence in 1947, the national Government stressed the need for developing the traditional occupations. (Jalal, 1991)The Industries Conference in 1947 identified the following problems faced by cottage and small scale industries including handicrafts:

1. Lack of finance,
2. Outdated techniques of manufacturing,
3. Defective Marketing,
4. Non-availability of raw materials and
5. Competition from mechanized goods whether imported or locally made.

An All India Cottage Industries Board was set up in 1948 but as soon as the board started functioning problems started to crop up. The central government placed funds at the disposal of state governments for developmental programmes in the sector but lack of data became the major hindrance in extending financial assistance. Even the Cottage Industries Board soon reached the conclusion that a single board was insufficient and the efforts taken by them were not enough. It suggested a sub group study as various groups of industries had diverse and peculiar problems.

That was 1947 and today its 2014. Not much has changed since then for the handicraft sector. Even today, the most important problem or the single most important reason behind most of the problems of the artisan community is reflected in the fact that the word artisan has no precise definition. This shows how underestimated this sector remains and how undermined is the potential of this sector in making any significant contribution to the economy. (Craft Economics & Impact Study, 2011) Since most of the artisans in the handicraft industry belong to the economically backward classes of the society, financing entrepreneurial projects & paying attention to developmental needs of the fraternity remain some of the major concerns. Low literacy and education levels add to the inability of artisans to access resources from modern sectors. (Craft Economics & Impact Study, 2011) Most artisans lack modern / technological skills & education. The main issue is that of the low wage system which leaves no scope for training & development of the artisans. This leads to a shortage of skilled workforce. (Ghouse, 2010). Another related issue is the irregularity in the production of artifacts, leading to low quality of work. To improve the quality of production, it is necessary to upgrade the skills of these artisans. (Sarvamangala, 2012) The lack of technological know-how also affects the variety of designs / patterns that can be provided in an artistic item. The availability of various design options can be facilitated by the use of computers & various designing software that are currently being used in countries like China.

A study (Ernst&Young, 2012) comparing the Indian & Chinese Handicraft Industry, highlighted the following areas of concern:

- The Indian products are completely handmade whereas Chinese products are machine made, thus facilitating mass production & standardization of products in China.
- The Indian Handicraft industry despite being labour intensive, faces shortage of skilled labour
- The Indian artisan is unaware about new technology and modern industry trends
- Lack of proper infrastructure facilities in India affect the production & marketing in this sector
- Complex trade procedures and lack of awareness about trade incentive / subsidies arrest the growth of the industry.
- Lack of access to credit facilities leads to various other issues such as problems in procurement of raw material and limited access to the bigger markets, leaving the artisans fending for themselves in the local markets.

The import of cheap machine-made versions of artifacts from other countries into India is killing the domestic market for the handicraft sector within the country. (Jena, 2010).

In this rapidly globalizing world, the key to sustainability remains – Innovation & Creativity. Though the handicraft industry is known for its exquisite craftsmanship, the inability to adopt innovative methods of production and to be creative enough to adapt to the changing needs of the consumers has become one of the limiting factors in the growth of the handicraft industry. (Ghosh, 2012)

Due to the low wages, lack of credit facilities, uncertainty of workload throughout the year and inability to sustain a basic lifestyle, the artisans take up a variety of alternate occupations. But due to lack of education and any other technical skills they are forced to take up odd ill paying jobs.

Difficulty in preserving the art by keeping the next generation involved is the latest identified problem in conservation of handicrafts. Due to financial pressures, the children of the craftsmen have to take up other lucrative professions, while giving up on the traditional occupation, thus leading to further deterioration of the craft. (Scholarship - Educate to sustain)

Government Initiatives:

The major regulatory bodies & government departments involved in the development & promotion of this sector include Ministry of Culture, Ministry of textiles, Ministry of Small & Medium enterprises, Khadi & Village Industries Corporation, Development Commissioner for Handlooms etc. Various schemes launched by the government for handicrafts include Babasaheb Ambedkar Hastashilpa Yojna, Export Promotion Scheme, Bima Yojna for Handicraft Artisans, Gandhi Shilpa Bazaar Scheme, Design & Technical Upgradation Scheme, etc. These schemes mainly focus on providing financial assistance, support in acquiring raw material, health & insurance benefits & technological know-how.

The planning commission of India in its various five year plans (FYP's) has talked of preservation of India's culture and heritage. ([http:// planningcommission.gov.in](http://planningcommission.gov.in))

In the First FYP, the commission noticed the influence of middlemen and set up handicraft emporia for sale of products. The Second FYP allotted a 40% lesser outlay for handicrafts. During this four regional design centres and thousand emporia and sales depots were set up. The third FYP to seventh FYP promoted exports and stressed on improvement of productivity of artisans through supply of improved appliances, introduction of new designs and promotion of co-operatives. The Eighth, Ninth & Tenth FYP aimed at increasing employment opportunities and income for artisans. A number of schemes pertaining to training, design development, market and export promotion were undertaken. The Eleventh FYP mentioned 'Social Inclusion' as one of the major agendas. It considered skill & knowledge as the driving forces for economic & social growth of the country. It included the move towards creating a "Knowledge Economy" where skill development will concentrate on skill sets ranging from traditionally acknowledged professional & conceptual skills along with managerial, operational, behavioural, inter-personal and inter-domain skills. A working group report on Handicrafts for the 12th FYP, with respect to the various schemes taken up for the development of artisans, highlights the following key points:

- The objective of converting artisans to self sustained community based entrepreneurs has not been achieved till now.
- There is a need to move from allocation based model to demand based model.

- This is the time for the sector to explore public private partnership models to bring about greater efficiencies. Such an approach will promote sustained growth of the handicraft clusters and sustained earnings for the artisans.
- Different clusters may be at different stages of development, hence require a different set of interventions for development.
- There is a need to clearly define production infrastructure, forward and backward linkages as well as any other critical infrastructure gaps that may be present.
- Some of the projects are discontinued due to lack of commitment and insufficient manpower of the implementing agencies. Requisite experience in handling handicraft sector and management skills in handling large projects need to be some of the major criteria in selection of implementing agencies.
- The artisans have no / limited role in the selection of the implementing agency, sanction of project, preparation of project report, identification of project interventions etc. This leads to development plans that may not necessarily be in line with the needs of the artisans, who are in fact the end beneficiaries.
- The current financial incentives are also inadequate.

The planning commission acknowledges the fact that the unorganized sector that constitutes about 93% of the workforce doesn't have a structured system to support acquiring or upgrading of skills. Training needs in this sector are multi-skill oriented and very diverse. The efforts taken in the form of schemes such as Swarnjayanti Gram Swarajgar Yojna, Vidyan Kendra, Khadi & Village Industries Corporation etc. do not have encouraging outcomes. The 12th Five Year Plan's vision for the handicraft sector includes creation of globally competitive handicrafts and provision of sustainable livelihood opportunities to the artisans through innovative product designs, better product quality & use of technology while preserving traditional art. Hence one of the major objectives remains to assess skill deficits sector wise and region wise to create a national database for skill deficiency mapping. (Eleventh Five Year Plan 2007-12, 2008)

Projections for the Handicraft Sector:

(Working group report on Handicrafts for the 12th Five Year Plan, pg. no. 16-18)

The exports of handicrafts is expected to reach INR 28368 cr (approx US\$ 6177 million) in case an average growth of 18% per annum is maintained during the 12th Five Year Plan period. The Compounded Annual Growth Rate (CAGR) during the period 2012-13 till 2016-17 is 18%. The percentage change is depicted in the following figure:

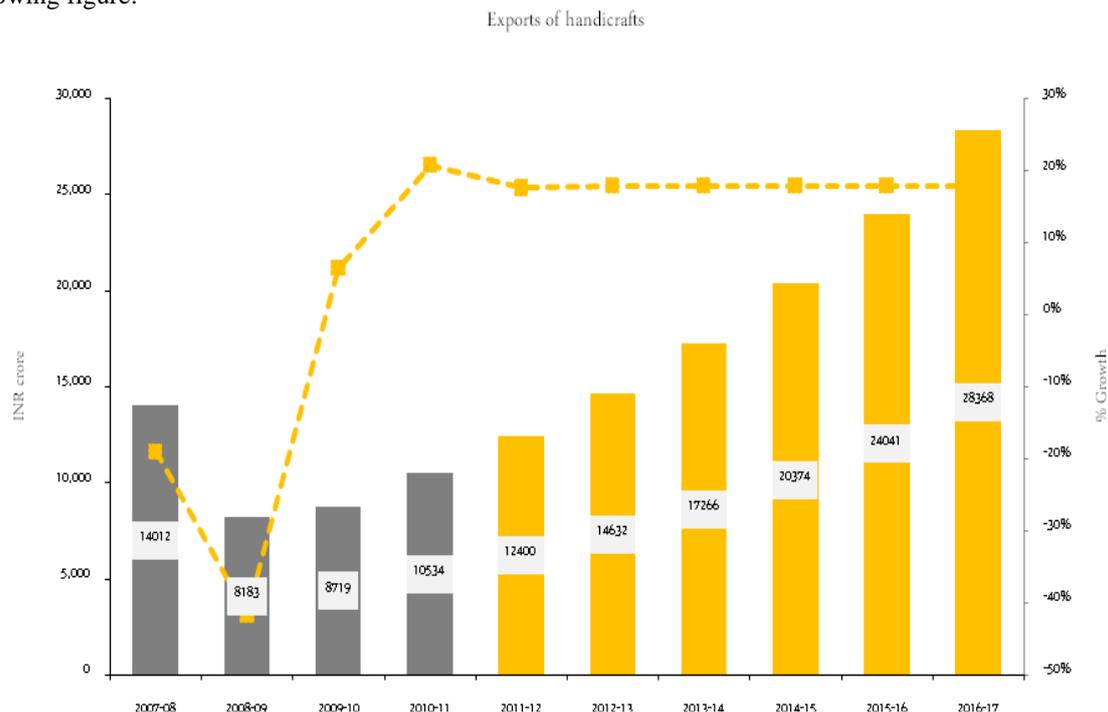


Exhibit 1

The interventions will have a cascading effect on the production and sales in domestic markets. Assuming that 40% of the production for Handicrafts is consumed in domestic market and 60% is exported, the production and domestic consumption figures are as follows:

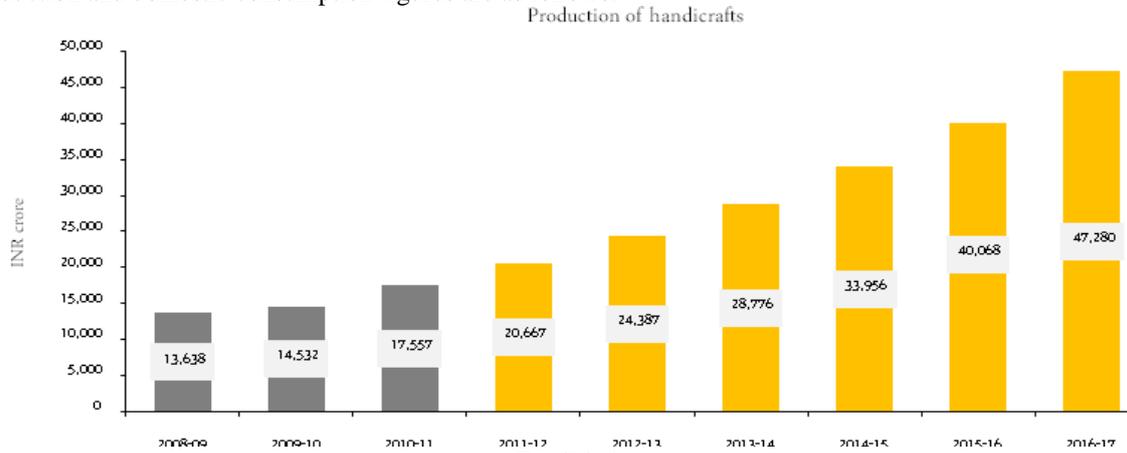


Exhibit 2

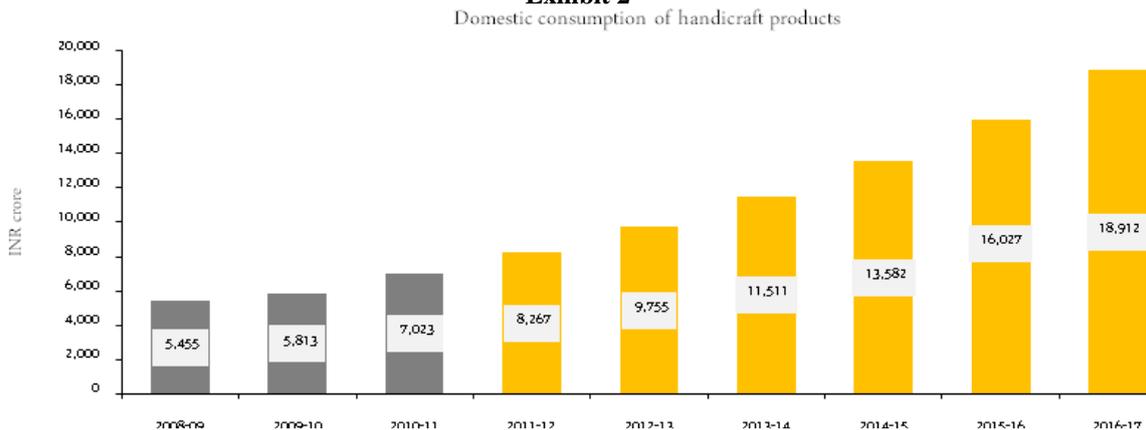


Exhibit 3

The current employment as in 2010-11 is 6.7 million; however, the number of individuals to be employed with sector by 2016-17 is estimated to be 12.29 million. The CAGR during the period 2012-13 till 2016-17 is assumed @ 10 %.

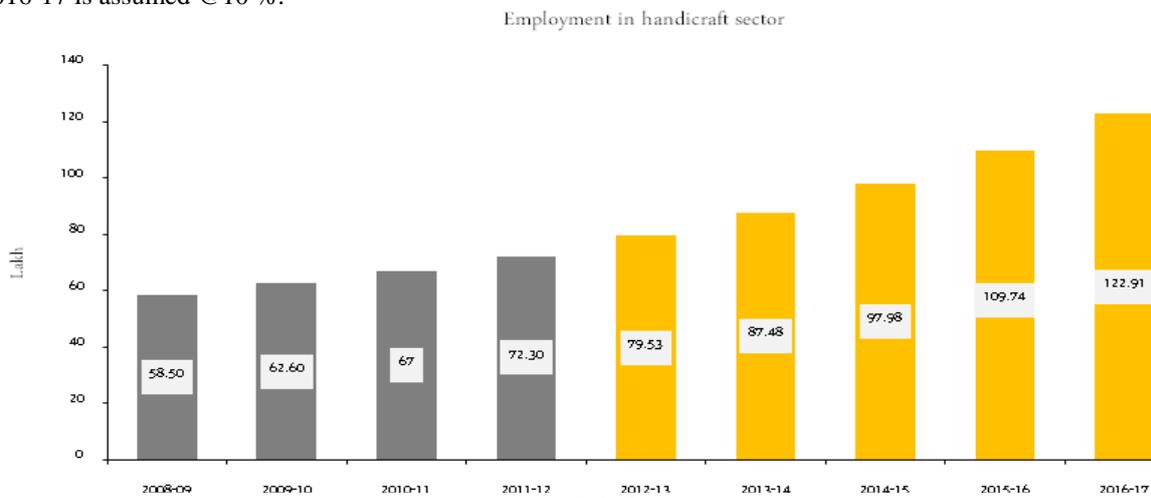


Exhibit 4

Conclusion:

Despite efforts being taken, issues such as lack of implementation of policies and concentration on the macro perspective have ceased the effectiveness of the efforts, giving little or no results. Post the review of the current state of the Indian artisans, there arises a need for honing the skills of this workforce. The recent national plans also support this thought. This workforce that forms a major part of the unorganized sector has great employment potential that needs to be tapped.

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Indian Handicrafts: Growing or Depleting? [Teaching Note]

Ms. Shreya Jadhav, Freelance Faculty & Trainer

Synopsis:

The Indian handicraft industry is an unorganized, decentralized, labour intensive cottage industry. Some of the strengths identified are availability of abundant & cheap labour in the country, use of local resources, low capital investment and unique craftsmanship in the manufacturing of products along with increasing appreciation by international consumers. Despite the strengths, the industry faces a number of problems in the country such as low literacy and education levels, lack of modern / technological skills & lack of adequate finance. The planning commission acknowledges the fact that the unorganized sector that constitutes about 93% of the workforce doesn't have a structured system to support acquiring or upgrading of skills. The 12th Five Year Plan's vision for the handicraft sector includes creation of globally competitive handicrafts and provision of sustainable livelihood opportunities to the artisans through innovative product designs, better product quality & use of technology while preserving traditional art.

Learning Objectives:

The case has four main objectives:

- To examine the challenges of using existing skill sets and manpower resources optimally while reviewing the potential of the handicraft sector in creating large number of employment opportunities.
- To practice analyzing gaps between planning and implementation by studying various existing schemes / policies of the government.
- To develop critical thinking and action planning skills, while identifying developmental needs and suggesting new and innovative pathways through which various agencies (such as government / private sector / social entrepreneurs/ non-government organization's etc) can be involved in the developmental projects of the handicraft artisans.
- To understand the importance and potential of the unorganized sector in contributing to the country's economic growth and cultural preservation.

Use of the Case:

This case can be used to complement teaching of concepts such as skill development, identification of developmental needs of the manpower / sector, action planning, effective implementation of policies, review and analysis of gaps in strategy etc. in a Human Resource Management or Business Strategy course.

Suggested Discussion (In a 120 minutes class):

More than 52.3 % of people are below the age of 25 currently. 41.8 % of India will still be less than 25 by 2025. The dependency ratio will continue to be low, giving India a comparative cost advantage over others, for the next 25-30 years. But the positivity of the demographic dividend is completely dependent on how this dividend is utilized to the benefit of individuals as well as the country as a whole. It calls for creation of higher number of employment opportunities. Dealing with a 50% young population / employable workforce will not be easy if concentration remains on building new skills. The need of the hour is to identify the existing skill sets, upgrade them and develop new skills to complement the existing ones. For example, the agricultural sector now-a-days is being given a boost through extensive government support initiatives in terms of financing, technological help, elimination of middle men and training & development schemes for the farmers. Similarly, identifying needs for better performance of the large workforce in the handicraft sector should become one of the solutions to creating a self sufficient workforce. This workforce should also be able to provide employment opportunities for large number of people, thus contributing to the overall cultural & economic growth of the country.

Similar to the government, there are various NGO's and Co-operative agencies such as All India Artisans and Craftworkers Welfare Association that take up various initiatives for development of the handicraft sector and preservation of crafts. Special efforts are taken by these agencies to organize the artisans, help them hone their skills, find financial support for them and develop their entrepreneurial potential. The reach and effectiveness of these efforts needs to be examined. A number of such agencies, if working in collaboration with government, can help in effective implementation of policies even at grassroots.

Social Entrepreneurs / Corporate CSR departments today are ready to invest in the development of rural areas, ignored minorities and economically backward communities. They can be utilized in the form of a public-private partnership in order to develop unorganized sectors such as handicraft industry in order to facilitate inclusive growth of the country.