

## An Analysis of Current Scenario and Contribution of Handicrafts in Indian Economy

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### Abstract:

Handicrafts plays an important role in the development of Indian economy in general and rural economy in particular. It is a labour intensive and eco friendly sector with huge potential of employment generation and foreign exchange earnings. But due to globalization it is facing tough competition with machine made low cost substitutes. Keeping in view the importance and challenges of this eco friendly, less demanding capital but immediate and good returns industry Government should provide maximum assistance at minimum cost. This will help in the sustainable growth in the long run and also will increase its contribution in the employment generation, foreign exchange and the over all socio economic development of Indian economy.

**Key words:** handicrafts, employment, artisans, foreign exchange rate

### Introduction:

Indian handicrafts have been admired world over for its brilliant mix of colours oddity and exquisite craftsmanship. Both rural units and cottage industries are the main players who contribute about 78% of handicrafts produced in the country. About 76% of the artisans are self employed and the rest are wage earners. Both men and women are contributing as a main input in the production of handicrafts. No doubt there has been some decline in the demand of handicraft due to globalization as there is tough competition in handicraft production which has been more commercialized. In many cases artisans are out of touch with those end markets which presents a challenge to those seeking to export their products. But still it is one of the important contributors to the foreign exchange earnings and generation of employment after agriculture. The exports are continuously growing and are expected to touch USD 400 million marks in 2015. The demand for the handicraft products from the point of international trade theory is because of interesting oddity and many other reasons like the comparative advantage both in the demand and supply. Being labour intensive it helps in the reduction of unemployment and the wages earned in this sector are more than what the wage earner earns in the agricultural and its allied sector. In case of Indian scenario handicrafts is playing an important role not only in the employment generation and foreign exchange earnings, but also helps in increasing the living standard of its rural people as it give employment both men and women, those who are doing well in the handicraft and handloom business are enterprising and are moving with the time.

### Objectives:

- To evaluate the importance of handicraft in rural Indian economy.
- To understand the present scenario of handicraft industry.

### Research Methodology:

This research paper is descriptive and analytical, based on the secondary data. The required secondary data has been collected from various old research papers, journals, books internet, some of the governmental data etc. The data has also been taken from various documents such as books, newsletters, reports, magazines, journals, newspaper, internet, as well as from existing literature to understand the importance and contribution of handicraft business.

### Result and Discussion:

The handicraft industry is basically the small scale and cottage sector, to a great extent generation to generation, it has solved the socio economic problems of artisans and then Indian community at large. Now it is also an important segment of our economy as a valuable foreign exchange earner for India. The handicraft industry has deeply roots and is spread over the entire country.

As it is evident from many researches that handicraft production is major form of employment in many developing countries like India and often significant part of the export of the rural economy. But unfortunately, this traditional industry is under threat of steep decline because of the competition from the cheaper machine made local substitutes and imports. This kind of trend demand will badly affects the livings of many skilled artisans directly and others indirectly. The main reason for this is that almost no attempts at innovations and technology advancement have been made in the handicrafts field, leading to stagnation and increase in manufacturing expenses. The raw material needed in handicrafts also fall in short of supply in many states of the country. This industry has sound forward and backward linkage and the need of the time is that government should interfere in this industry by making availability of necessary raw material, easy loans to artisans and

technological innovations to boost this industry as it is the main source of lively-hood of many rural people. Keeping in view the potential of the handicraft sector for growth generation of employment and increasing the standard of rural population, this hand-made industry has not been given its due status and due care despite the impressive performance of this sector it remained much misunderstand.

Indian handicraft is influenced by different empires. From the centuries, handicrafts have been embedded as a culture and tradition in the rural areas. Much rural population is depending on handicrafts. Handicraft in common language means the goods made by using labour intensive technique, these are skilled people who used to work on the wood, clay, shells, rocks, stone, metal etc. with the help of traditional or simple tools. India is known for its ethnicity. So far India is among the famous countries which have rich in handicraft and have highly skilled artisans, who increased the fame of our country around the world. Our country is manufacturer various kinds of handicrafts such as:

- Bamboo Handicrafts
- Cane Handicrafts
- Bell Metal Handicrafts
- Bone and Horn Handicrafts
- Brass Handicrafts
- Clay Handicrafts or Pottery
- Dhokra Handicrafts
- Jute Handicrafts
- Paper Handicrafts
- Rock Handicrafts
- Shell Handicraft
- Silver Filigree or Meenakari or Tarakashi Handicrafts
- Weaving or Embroidery Handicrafts
- Wood Handicrafts

The Indian Handicraft industry is so widely scattered all over the country with a dominance of small and tiny units, apart from this Indian handicrafts showing the trend of growth in its export. The handicraft sector is important for the economy due to its employment generation, foreign exchange earnings and vast untapped export potential. Most famous handicraft manufacturing states include Saharanpur, Rajasthan, Karnataka, Tamilnadu and Kashmir. India's share in the world handicraft market is a dismal 2% as compared to China which claims 17% of the world market share. A recent study by the EXIM Bank recommends that the Handicraft sector needs to be given an industry status so that a mechanized, modern segment will emerge to face the global competition. This is the most fundamental step which boosts Indian handicrafts in international market. Once India recognizes the potential of handicrafts it leads the whole market. For that we have to improve our technology and tools to make handicraft more popular in the whole world.

**Table no.1.1: Handicraft exports(India):**

Year	Rs. Crore	% Growth rate
2008-09	4949.23	-
2009-10	4548.91	-8.80
2010-11	5445.45	16.46
2011-12	2476.59	-119.86

Source: Foreign Trade Statistics of India (Principal Commodities & Countries).

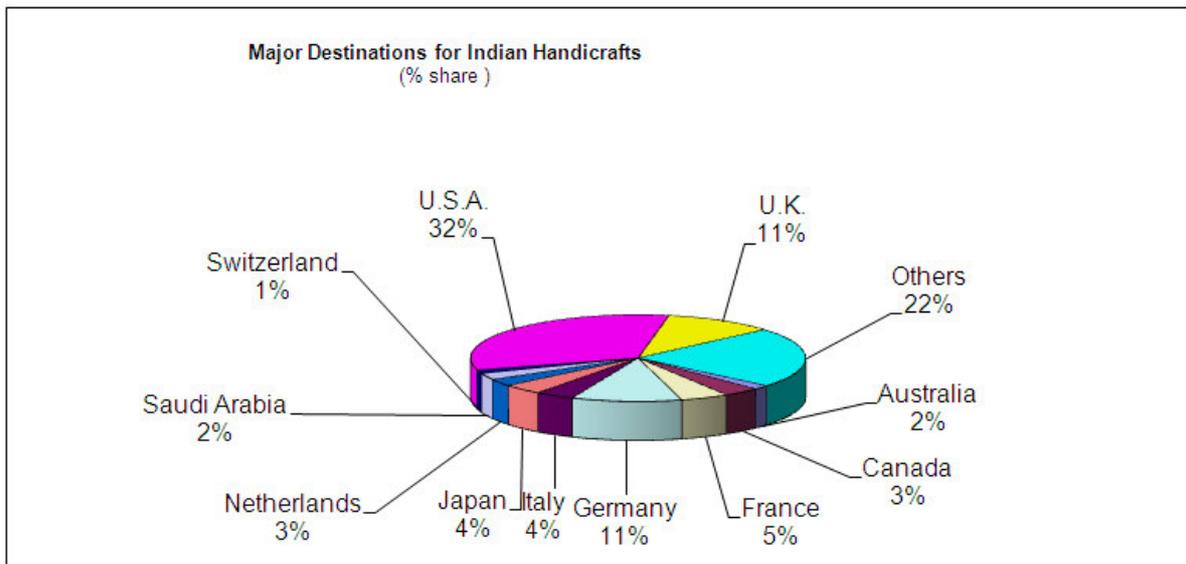
The figures in the table reveals that export earnings from handicrafts have increased from 4949.23 cr. 2008-09, to 5445.45 cr. 2010-11. But after that it shows declining trend in 2011-12.

**The main markets for Indian Handicrafts:**

The Indian handicrafts are exported more than hundred countries of the world. Among these ten most important markets in which 85% of our handicraft goods are exported like USA, Germany, UK, Japan, Italy, France, Canada, Holland, Saudi Arabia and Switzerland. Among them USA and Germany are the larger exporters of Indian handicrafts about 50% of items. Craft-wise major markets are defined below:

**Table no.1.2: Major crafts of India and their markets:**

Major Crafts	Major Markets
1.Hand Knotted Woolen Carpets	Germany, USA, Switzerland, U.K, Italy, Canada, Holland etc.
2.Art Metal Wares	Germany, USA, U.K, France, Saudi Arabia, Canada, Italy etc.
3.Hand Printed Textiles and Scarves	Germany, USA, U.K, Canada, Japan etc.
4.Embroidered And Crocheted Goods	USA, U.K, Japan, France, Saudi Arabia etc.
5.Wood Wares	Saudi Arabia, Germany, USA, Japan, France etc.



**Cost adding up Chain in Handicrafts:**

Identification of market opportunities



Prototype design and development / adaption and refinement



Test marketing



Upgrading equipping facilities



Securing inputs



Entrepreneurial hiring, training, managing



Production, quality control and packaging



Costing and pricing



Physical distribution



Export market development

**Suggestions:**

- For the sustainable growth of the handicraft industry advertisement both at national and international level should be undertaken publicity, exhibition, printing of brochures and participation in fairs will

- help in boosting this traditional industry.
- Government should set up well organized handicraft marketing system so that both producers and consumers would reap more and more benefits. In the absence of well organized market both consumers and producers are exploited.
- Government should exempt or at least the sales tax on handicrafts which will result in the price of handicraft products and thereby increase the sales.
- Foreign master designers may be invented to design centers to render guidance to the craftsman.
- Uniformity in price is also an important tool for the growth of this industry. The customers feel that they were exploited and get harassed when they purchase the same handicraft product from two shops at different prices.

### **Conclusion:**

Handicrafts are the unique expression of our community and culture. A large group of population is directly or indirectly depends upon handicrafts for their livelihood. It generates employment and foreign exchange earnings which are vital for economic growth and upliftment of the rural economy. The dynamic factors which determine the growth and decline of craft need to be understood from a total livelihood perspective and not a narrow economic perspective alone. In order to optimal exploration of this handmade industry Government should provide both incentives and assistance. Both state and central Government must take step to increase the wages and improve the working conditions of the artisans and others who are involved in this handmade industry.

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