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# HANDICRAFTS: VAST UNTAPPED POTENTIAL

The labour-intensive handicrafts industry requires a more organised structure. It needs to initiate capacity and skill development programmes for better returns.



**F**or several centuries, a large skilled workforce in India has been engaged in traditional forms of craft. India is estimated to have around 2682 handicrafts. Its handicrafts sector

plays an important role in terms of employment generation, contribution to GDP and preservation of cultural heritage.

Traditionally, handmade products in India were produced using simple technology and local

natural resources. Of course, the old techniques are being replaced with machines, synthetic materials and chemicals that reduce the cost of material and labour. However, there are risks in this transformation. For instance, the exposure to hazardous chemicals cannot be ignored.

In spite of many constraints, the handicrafts sector has witnessed an annual growth rate of 3 per cent. The total employment in the sector is around 8 million. Handicraft activity is a state subject. However, the centre has been implementing various schemes to strengthen this sector. The expenditure for this sector was stepped up from Rs 716.5 million in 2002-03 to Rs 2200 million in 2009-10.

The handicrafts sector is being strengthened by providing infrastructural support, improving quality and product diversification and assigning due role to the non-government organisations (NGOs). As a result, crafts sales (both domestically and exports) are increasing at 15 to 20 per cent per year.

Of course, some places are known for some handicrafts; Moradabad, Aligarh, Jodhpur, Jaipur, Thanjavur, Chennai and Jaisalmar are famous for art metalware. Saharanpur, Jaipur, Jodhpur, Amritsar, Ahmedabad and Rajkot are

Table I

**Distribution of Handicraft Clusters in India**

State	Number of clusters
Uttar Pradesh	282
Orissa	271
West Bengal	245
Gujarat	199
Maharashtra	189
Madhya Pradesh	159
Andhra Pradesh	154
Karnataka	137
Bihar	128
Rajasthan	120

famous for wooden artware. Agra, Chennai and Jodhpur are known for crafts made of marble. Delhi, Moradabad, Jaipur, Kolhapur and Indore are famous for imitation jewellery.

**Exports**

The world market for gifts and handicrafts is estimated at \$235 billion. More than half of the handicrafts produced in India are exported, with carpets and metal works accounting for as much as 43 per cent of that.

For the first time in a decade, Indian export of handicrafts registered a negative growth of over 7 per cent during 2001-02, in the aftermath of the September 11 attacks on the US and global recession. An up-trend in handicraft exports came after the two-year slump. From the second half of 2009-10 the exports started to grow.

Handicraft exports rose steadily from Rs 3870 million in 1986-87 to Rs 130,320 million in 2004-05—a 42-times increase in less than two decades. Handicraft ex-

ports reached Rs 170 billion in 2006-07 but fell to Rs 80 billion in 2008-09. These were estimated at Rs 100 billion in 2010-11.

Handicraft exports increased by nearly 25 per cent to \$1139 million during April-November 2010 from \$912 million in the corresponding period of 2009. Exports in 2009-10 were \$1830 million. The government raised the target for handicraft exports in 2010-11 to \$2.5 billion from the original \$2.2 billion.

**Some problems**

There are several problems faced by the handicrafts sector:

1. Most of the work relating to handicrafts takes place in rural areas and is informalised. This is both an advantage and a challenge. The advantage is that women get employment at home. The disadvantage is that the dispersed nature of production increases the cost of developing an efficient value chain for production and marketing. Very often, the artisans do not get returns that commensurate with their skill or labour.
2. Workers in the handicrafts sector are mostly unorganised. There is lack of understanding of occupational health and safety is-

issues, weak legal and policy provisions protecting the worker and non-implementation of laws. The National Commission on Labour (2002) drew attention to the high incidence of lung diseases in bangle industries due to inhalation of toxic fumes, smokes and dust.

3. The industry has to pay attention to marketing techniques, which involve activities like assessment of the consumer needs and their tastes, and fixing the price at a reasonable level. At present, market research does not receive proper attention. The manufacturers generally manufacture products based on information provided by the dealers and their past experiences.

4. Some unique designs have been lost because artisans hesitate to part with the secrets of the trade.

5. Using poor substitutes is also a problem. For instance, in place of costly ivory, bone and horn are used with effective polishing. Very few people have the patience to apply tests to find out the genuity of ivory.

6. Another problem relates to packing, which remains neglected. Shabbily packed items do not attract foreign buyers.

7. As the handicraft units are scattered, the cost of production is not uniform. Of course, there is no standard price for unique pieces.

8. Small exporters are in great difficulty. They are worried about the government's proposal to phase out the income tax exemption. This will not only curtail profitability of exports, but also lead to harassment of exporters.



**Measures initiated**

Countries like China and South Korea have successfully converted

traditional handicrafts into private industries that employ a fair degree of mechanisation. China's share in global trade now stands at 17 per cent (against India's 2 per cent), thanks to state funding and aggressive marketing techniques.

In India, the foreign trade policy 2004-09 announced incentives in the form of establishment of handicraft special economic zones, duty-free imports of trimmings and embellishments, and exemption of these items from countervailing duty. The schemes that are being implemented at present seek to enhance technological and marketing competence, arrange cluster-specific infrastructure, improve design and skill, and provide health insurance to artisan families.

Of course, there is the Artisans Credit Cards Scheme run by the centre through banks. It is meant to provide funds for working capital and investment. However, the performance of the scheme has been unimpressive—only 37,369 cards were issued until 2004-05.

The government announced marketing support to the tune of Rs 3168.1 million during the eleventh plan period (2007-12) under the Marketing Support and Services Scheme to the handicraft artisans. The money is used for domestic and international marketing and for publicity of the products of these artisans. Under the scheme, handicraft artisans get enhanced opportunities to access domestic and international high-end markets and various marketing channels. This enables them to achieve full-time employment, better returns on their products and new opportunities for employment in rural areas. The scheme also meets dues amounting to Rs 263.2 million under the old Marketing Support and Services Scheme.

Besides earning valuable foreign exchange, handicraft exports can forge strong cultural ties between

Table II  
**India's Handicrafts Exports Excluding Carpets**  
*(Rs million)*

Year	Exports
1990-91	8690
1991-92	9620
1992-93	1476
1993-94	19,700
1994-95	26,360
1995-96	30,200
1996-97	35,690
1997-98	43,060
1998-99	50,580
1999-2000	59,240
2000-01	69,550
2001-02	67,700
2002-03	83,430
2003-04	104,650
2004-05	130,320
2006-07	170,000
2008-09	80,000
2010-11*	100,000
*Projected	

India and major countries of the world. To improve the global image of Indian handicrafts, the government has given top priority to infrastructural initiatives:

1. The setting up of marketing hubs in metros is an important step. It has been decided to provide a marketing platform to the wholesalers, retailers, consumers and foreign buyers based on the concept of 'one-stop shopping.' The government wants to rely on public-private partnership (PPP) model. Assistance provided is 25 per cent of the project cost subject to a maximum of Rs 100 million.

2. The government plans to set up sourcing hubs in clusters and warehousing facilities in important locations.

3. It has decided to provide assistance of 50 per cent of the cost subject to a maximum assistance for new emporium in own building, new emporium in rented building and

renovation/expansion for emporium to be Rs 2.5 million, Rs 1 million and Rs 750,000, respectively, at commercially viable locations.

4. Each state is entitled to get Rs 10 million to set up design centres for imparting craft related skills.

5. For a handicraft museum, assistance is limited to Rs 5 million.

6. Importance is given to design banks for digitised designs to diversify/innovate products for domestic and international market. The maximum assistance is limited to Rs 6 million.

7. Priority is given to creation of raw material banks for easy availability of quality-certified and graded raw material to the artisans at a reasonable rate. The maximum assistance is Rs 20 million.

8. Common facility centres have been established at developed clusters to ensure application of design and technology input on a continual basis. The maximum assistance is Rs 6 million.

9. Over 75 handicrafts are to get geographical indicator (GI) status. The measure is meant to end cheap imitations and increase the brand equity of Indian handicrafts. Efforts are on for an overall brand identity for handmade products from the country. To start with, three crafts from each state will be identified for GI status. Every craft will bear a specially designed mark to distinguish it as genuine.

10. In February 2011, the union minister for textiles directed the National Centre for Design and Product Development (NCDPD) and the Export Promotion Council for Handicrafts (EPCH) to initiate capacity and skill development programme for artisans across 30 clusters in the country. The plan was to train over 7000 artisans spread across the 30 clusters by the end of the financial year 2010-11.

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