

Globalization, Reform and Indian Handicraft Sector: Provocation and Prospect

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Abstract

Globalization came into existence, bringing countries into the competitive world with substantial prospects to the developing countries like India. It helped to open the economy to foreign direct investment by providing facilities and removing the constraints for the foreign companies to invest in different fields in India. It also encouraged the Indian companies to collaborate with the companies abroad that means local to global making the world a global village. It has increased the international integration among nations with the exchange of trade, technology, investments, capital and labor but it has resulted in the provocation like income gap between the rich and the poor, environment degradation, disparity, conflict and loss of culture. It is the need of the hour to protect and promote the local artisanship for the economic growth of the place and the country as a whole. Handicraft, the benchmark for creativity is a significant segment of the decentralized economy of the country and it provides competitive advantage for the country in the global market. The industry provides employment to the millions of people who are basically women and people from the weaker sections of the society. The success of handicrafts depends on the artisans by industrializing their process so that they can be recognized in the local, national and international market. The industry is encountering a large number of problems like lack of liquidity and non-availability of credit which is required for the artisans to achieve an equitable bargaining relationship with the distributing firms. It is a hindrance to obtain raw materials of good quality at low cost in spite of the reason that the raw materials used is produced locally. It is the anomaly of the handicrafts that there is less demand for machinery to labor and they are refrained from the modern technical knowhow to improvise the traditional methods, to create strategies for marketing the products as the cost of promotion and selling of the products is high and facing competition with the machine made products. The right set of circumstances in this industry is that there is strong traditional knowledge base which is valuable both culturally and socially and the historical assets of the communities maintain, practice, develop and trade the products in the market and this results in income generation and economic development of the region, enormous skilled labors having skill sets, education, training, experience and systematic reasoning , as handicrafts are subjected to the country its funding, development and promotion is the responsibility of the government; to increase the export potential as the market in handicrafts is gaining momentum and since the production is restrained to small scale industries the benefit would be for the individuals involved in handicrafts industry.

Keywords: *Globalization, handicrafts, traditional knowledge, economic development, export potential.*

Introduction

Globalization resulted in the integration of economic, political, and cultural systems across the globe. It has resulted in the increased socio-economic interdependence of countries around the world due to increased number of goods and

services, capital and technology which helped in the reduction of poverty in the developing countries. In context to India, this implies opening up the economy to foreign direct investment by providing facilities to foreign companies to invest in different fields in India. There is an interaction between the local and

global which has resulted in the formation of the global village. The people and cultures along with the economies bring a new facet to the global market sphere. Globalization at the same time has increased inequality among people in terms of economies and environmental degradation; new risks had cropped up for the losers the socially deprived and the rural poor. Significant numbers of non-perennial poor, who had worked hard to escape poverty, were finding their gains reversed. The western perceptions dominated the globe, affecting the local perspectives posing a threat to the cultural diversity. Handicrafts are *sui generis* articulations of a particular culture or community through local craftsmanship and materials. It is a labor intensive industry which utilizes the traditional skill of artisans handed down from one generation to the other. Handicraft production is a major form of employment in many developing countries and often a significant part of the export economy. With increased globalization products are becoming more and more commoditized and the artisans are facing increased competition from producers all over the world. The craftsmen and the artists jointly work out new designs and items. The handicraft items are carefully made by artisans so that they retain the ethnic value. Globalization has intensified the precarious existence of artisan communities through increasing global competition, the mass production of craft goods, and rapidly shifting trends in fashion, cultural taste, and aesthetics. Handicraft producers are being asked to adapt products to buyer requirements, offer more timely production and delivery to exact specifications, and improve production efficiency and quality. They compete with other suppliers, producers and whole industries in other countries which receive direct or indirect government support. The village and cottage industries have a popular role in the Indian economy due to scarcity of physical capital, regional imbalances and disparities, in the distribution of income and wealth, utilization or under utilization of rural resources. The Government, Institutions, and also Non Govt. organizations must give assistance to these

industries so that they get prospects and overcome provocations.

Literature Review

The diversity in marketing the craft industry, recommend regular market survey to compile market information to design workable solutions to solve market problems. (Prajapati, Laila, 1981). The present handicrafts production is quite concentrated both regionally and within regions. According to one estimate, six northern states account for over 65% of handicrafts exports (excluding gems and jewelry and handlooms) and 75% of productions aggregating Uttar Pradesh's 40%, Rajasthan's 10%, Jammu and Kashmir, Delhi, Haryana and Punjab, each around 5%. Over 75% of handloom fabric destined for export originates in the southern part of Indian subcontinent. (Vincent Cable, Ann Weston, 1892). The problems and prospects of weavers' co-operatives is that there is inefficiency in the organizational set up in the form of defective management and poor administration among the weavers' co-operatives in Karnataka. (Venkatappa, 1977). The growth and performance of primary and Apex Weavers' Co-operatives in Tripura found the main reasons for the poor performance of the societies as dependence on external market only, lack of proper marketing channel, absence of professional management, poor infrastructure and poor quality of raw materials. (Ray Sanjay, 1997) The handicraft sector of India has an average artisan has inadequate access to information about markets, buyers, tastes and technologies. The artisan faces problems like inadequate capital and less availability of raw materials like wood, cane, bamboo, horn and bone. (Maureem Liebil, Tirthenker Roy, 2003). The lack of market awareness is the main obstacle for any village enterprises to put up their products in urban markets. (Thaimani, K. K, 1987). The Indian handicrafts are unanimously acknowledged as the very best and they are the true symbols of the spirit of the country. The Indian artisans work for the finest, but they do not know anything about the world market and latest designs. (Vivek Renjan

Bhattacharya, 1982). The reasons for the failure of village crafts are poor designs, low quality materials and inefficient market approaches. Consequently, these weaknesses are exploited by machine made urban craft units, who apparently lockout village crafts from global markets. (Dak, T.M., 1989). The strategic measures to improve markets for village crafts, often supply of scattered, insufficient and unsystematic data on production and sales will be the major obstacles for them to develop quantitative marketing strategies. (Florence, K., 2005). The euro crises can affect the profit margins and hence will make it difficult to remain in the market. The players in the leather industry are small & cottage leather manufacturers and do not have the financial potential to use hedging techniques. (Resource Center RCIP, 2010). The measures initiated as a part of the liberalization and globalization strategy in the early nineties followed the devaluation of Indian currency by 18-19 percent against major currencies in the international foreign exchange market. The processes of disinvestment where the public sector undertaking have been are being sold to private sector. The dismantling of the industrial licensing regime and the place a liberal and transparent foreign investment regime where most activities are opened to foreign investment on automatic route without any limit on the extent of foreign ownership. To understand the position of the handicrafts industry the following objectives have been undertaken:

1. To study the integration of the Indian handicrafts with the global village.
2. To study the major types of the handicrafts.
3. To understand the prospects of the Indian handicraft industry.
4. To study the provocations of the Indian handicraft industry.

Research Methodology

This research paper is descriptive in nature and is based on the secondary data attained from the various secondary data resources such as old research papers, various journals, books, internet, some of the governmental data etc. The

data is compared with the previous data of Indian handicraft industry with respect to the world economy.

Present Situation & Types of Handicrafts in India:

The Indian handicraft industry symbol of beauty, dignity, form and style dates back to one of the oldest civilization of the world. The industry is highly labor intensive and decentralized, being spread all over the country in rural and urban areas. The industry provides employment to over six million artisans, which includes women and people belonging to the weaker sections of the society. In addition to the high potential for employment, the sector is economically important from the point of view of low capital investment, high ratio of value addition, high potential for exports and foreign exchange earnings for the country.

India, the land of cultural diversity, is an important exporter of handicrafts to the world market however its share in world imports is minuscule. The "incredible India" comprising of 29 states and 18 languages and more than 1500 dialects offer an enormous range of handicrafts from each of the states. The states and regional cluster contribute towards enrichment of Indian heritage. Gujarat "The Jewels of the west" specializes in embroidered articles, the Pink city of India is prominent for jaipuri quilts, printed textiles whereas Uttar Pradesh and Andhra Pradesh for brass, wooden, glass based handicrafts and lace and lace goods respectively.

The Indian handicraft Industry is fragmented with more than 7 million regional artisans and more than 67,000 exporters/ export houses promoting regional art and craftsmanship in domestic and global market.

Indian Handicrafts are classified into two categories:

1. Articles of everyday use
2. Decorative items

The craftsman and artisans use diverse mediums to express their originality like textiles, metals- precious and semi-precious, wood, precious and semi-precious stones, ceramic and glass.

Textile Based Handicrafts:

Hand printed textiles including block and screen printing, batik, kalamkari (hand printing by pen) and bandhani (tie and die) are used in products ranging from bed-covers to sheets, dress material to upholstery and tapestry. The famous embroidered articles of silk and cotton often embellished with mirrors, shells, beads, and metallic pieces are also found in India. Embroidery is done too on leather, felt and velvet etc. This segment of the industry accounts for almost half a million strong employment in addition to a large number of designers, block makers, weavers and packers involved in the trade.

Clay, Metal and Jewellery:

Brass, copper, bronze, bell metals are used for a variety of wares and in a variety of finishes. Scintillating ornaments are available in a wide range of patterns, styles and compositions. Made from precious metals, base metals, precious and semi-precious stones; these ornaments have traditional as well as modern styles.

Woodwork:

Wooden articles in India range from the ornately carved to the absolutely simple. One can find toys, furniture, decorative articles, etc. bearing the art and individuality of the craftsman. India is known particularly for its lacquered wood articles.

Stone Craft:

The intricately carved stoneware made of marble, alabaster or soapstone, etc., inlaid with semiprecious stones carry on the heritage of Indian stone crafts.

Glass and Ceramic:

Glass and ceramic products are a fast upcoming segment in the handicrafts from India. The age-old production process of mouth-blowing the glass instills a nostalgic feeling. The varied shapes of ceramic and glass in a number of colors, would appeal to Western aesthetics while retaining the Indian touch.

Country Wise Export of Handicraft

Handicraft and handicraft gift items manufactured and exported from India are much sought after and have established an inseparable reputation in the International market. In 2012-13, Indian handicraft export stood at US \$3.3 billion, registering a growth of approximately 22% over previous year. Exports of Indian handicraft have grown at a rate of 7% since 2001-02.

Major Export destination of Indian handicraft:

Art Metal Wares	U. S. A, Germany, U. K, Italy
Wood Wares	USA, UK and France
Hand Printed Textiles & Scarves	USA, UK, Germany and Canada
Embroidered & Crocheted Goods	U.S.A., Saudi Arabia, U.K., Germany
Shawls as Art wares	Saudi Arabia, U.S.A. Japan & U.K
Zari & Zari Goods	U.K. U.S.A., Japan & Saudi Arabia
Imitation Jewellery	U.S.A., U.K., Saudi Arabia & Germany
Miscellaneous Handicrafts	U.S.A., Germany, U.K. & France



(Source: <http://www.epch.in/moreDetails.htm>)

Globalization has led to increase in economic interdependence of national economies across the world through a rapid increase in cross-border movement of goods, services, technology and capital. With the greater

integration among world economies, craft product exported to various countries has formed a part of lifestyle products in international market. This is mainly because of changing consumer taste and trends. Integration and changing trends have lead to reforms in this sector by reforming and revamping designs, patterns, product development and changes in the production techniques and related expertise to achieve a leadership position in the competitive environment. The six million craft persons who are the backbones of Indian handicraft industry have provided with inherent skill, technique and traditional craftsmanship. However, in changing world, market craft persons need an institutional support for advancement and to have an edge over competitors like China, Korea, and Thailand.

In addition to reforms in the functioning of the handicraft industry, the export promotion council for handicrafts the apex body of the government of India; acts as a "model council", a self-sustaining body that self finances all promotional activities and organizes Asia's largest handicraft fair- The Indian handicrafts and gift fairs (IHGF) to promote Indian handicraft.

Marketing Aspects of The Indian Handicrafts Industry

Handicrafts are the products of creativity and workmanship. Today customers across the world are demanding creativity and well designed product. The Design of a handicraft product should be in accordance with the tastes and preferences of customers. There are three types of designs viz., conventional, modern, combination of conventional and modern; which are usually adopted by artisans. Conventional designs are age-old and traditional designs. While modern designs are in accordance with the changes of consumer preferences and tastes. Expansion is increasing the present scale of operation either by

mechanizing the process of production or by enhancing the installed capacity.

Price is an expression of value, what one must pay to get a desired good or a service. In handloom industry it becomes very difficult for the artisans to fix a price for their product due to the presence of master craftsmen, dealers and cooperative societies. Sales tax on handicraft products is very high, which results in increased prices of handicraft products. It's quite difficult for artisans to survive in market unless government should protect them. Government may exempt handicrafts from sales tax, as it is already done in States like Bihar, Madhya Pradesh and Kerala.

The distribution system of handicraft is concerned with the activities involved in transferring goods from producers to final buyers and users. It includes the physical activities, such as transporting, storing goods and the legal, promotional activities for transferring ownership. Handicrafts producers depend on the dealers and master craftsmen for selling handicrafts to consumers which reduces the profit margin of the artisans. Handicraft producers may sell to All India Handicraft Development Corporation, which in turn, sells to customers through its sales emporia and State owned emporia. Handicraft producers may even choose to sell their articles to co-operative society which, in turn, may sell to All India Handicrafts Development Corporation which may sell to State owned emporia which, in turn, may sell to customers. Sales promotion covers a wide range of techniques that provide an extra short-term incentive or inducement to buy a product. Techniques include demonstrations and exhibitions, samples, premiums, coupons, games and contests. The small scale operation of the artisans does not permit the craftsmen to undertake advertising of their products individually. Hence, for promoting the goods, artisans should undertake exhibitions and can participate in trade shows organized by different cooperative societies in different states.

Opportunities of The Indian Handicraft Industry

The opportunities in the cottage and handicraft industry are enormous due to following factors:

Export Promotion

The Indian handicraft in 2012-13 stood at US \$3.3 billion, registering a growth of approximately 22% over previous year. Exports of Indian handicraft have grown at a rate of 7% since 2001-02.

Less capital Intensive

The handicraft industry uses less capital as for the production of the goods. There is a less requirement of investment of money for machinery and infrastructure to make profits.

Extensive Promotion & Support by Government.

The government is providing support to the artisans of the handicraft industry by the way of fiscal incentives like tax exemption, excise concessions, reservation policy, government's purchase preference policy for SSI products, government's price preference policy for marketing SSI products, technical assistance policy, raw material assistance policy, financial assistance policy.

Project Profile

The whole data of the project is given to the funding agencies where the estimated capital cost of the project is given, the selection of the equipment, raw materials, the impact on the environment, the government incentive packages and the estimated rate of return.

Machinery Procurement

The machines are attained on the terms and conditions which are fair and equitable in order to manufacture, buy, sell, import, export, install and work.

Raw Material Procurement

The expenditure incurred on the procurement of the raw materials and on marketing of the handicrafts is the expenditures made by the handicraft units. The prices are fixed on raw materials and the manufacturing of the product. The raw material is easily available in the local place where the products are produced.

Manpower Training

The skilled as well as the unskilled labors are trained for the production of the handicrafts. There are certain programs like the skilled development program by the ministry of textiles. The training is given basically to the rural women and children.

Increasing Export potential for Indian products:

Handicraft and handicraft items exported increased by over 22% during 2012-13 to \$3.3 billion in comparison to previous year. Industry witnessed a growth of 7% since 2001-02. Increase in demand for Indian handloom products has been mainly from emerging markets like China, Latin America and Africa. In order to create niche for handloom products globally, export promotion council of handloom (EPCH) has organized various fairs to attract buyers from around the world.

Funding: Finance and Subsidies

Government of India has undertaken various schemes to infuse financial support to the handicraft industry and help it in expanding global and domestic market through technology up-gradation, cost effectiveness, quality production and thereby enhancing global competitiveness.

Following were the schemes undertaken:

Technology up gradation fund scheme (TUFS): The Scheme provided interest reimbursement/ capital subsidy/Margin Money subsidy and was

devised to bridge the gap between the cost of interest and the capital component to ease up the working capital requirement and to reduce the transaction cost, etc.

Scheme for integrated textiles park (SITP):

The “Scheme for integrated textiles park” was approved in 10th five year plan to provide industry with world-class infrastructure facilities for setting up their textiles units. The scheme targets industrial clusters/locations with high growth potential.

Institutional credit for Handloom sector: Cabinet committee of Economic affairs (CCEA) introduced “institutional credit for handloom sector”. The facilities provided under the schemes were:

- i) Margin money assistance @Rs.4200/- per weaver to individual weavers, their self help groups and joint liability groups (but not to cooperative societies and producer companies) by the GoI, so as to raise borrowings from the Banks/Financial Institutions.

Growth of the ancillary units

The Greenfield units are coming up in large scale sector. The small scale industry sector has performed exceedingly well and enabled our country to achieve a vide measure of industrial growth and diversification.

Provocations Of The Indian Handicraft Industry

The handicraft industries in India are facing paucity of money and large quantity of labor, which force them to buy capital-saving techniques. So there is an indispensable need for using the skills of the labors that would increase the production and fulfill the needs of the local market. The government should provide subsidiaries and support for these handicraft industries. The laborers have difficult times from the generation of capital, procurement of raw materials, marketing of the

products and covering insurance. Handicraft industries are the sufferers when it comes to grabbing the attention of modern industry so the promotion of the handicrafts is to be done at a larger scale. The industry is undergoing problems in regard to their operations. These problems are as follows.

Meager funds: The long-term and short-term credit is not attained by the workers of the handicraft industry. The supply of credit is less as demanded to finance the total fixed and working capital.

Obstacles of Marketing: The small-scale industries are facing obstacles for marketing of the handicraft industry. The cost of the promotion and selling is very high, minuscule of production, lack of benchmark of the products, the market knowledge, competition from technically more efficient units, the lack of demand of the products etc.

Dearth of Raw Materials: The raw materials are not available in sufficient quantity not in the good quality. The prices of the raw materials are also inflated. Since the industry is small scale and the artisans do not have huge capitals they buy the raw materials in small amounts. So they buy the raw materials at high price. This adversely affects their production, products, quality and costs.

Low level Technology: The process of manufacturing and production are not up to date. They use the antiquated methods which are inefficient. This results in low productivity, low quality and are overpriced.

Battling with Large-Scale Industries: The large scale industries are a threat to the handicraft industry as they use the latest technologies and the cost of production is less and the prices are also less as compared to the hand made products.

Conclusion

Globalization means increasing the inter-

dependence, connectivity and integration on the global level with respect to social, cultural, political, technological, economic and ecological levels. It boosts the trade practices and reduces cultural differences. But the unemployment, social degeneration and difficulty of competition are the killer disadvantages on the lives of the people based on globalization. The country must carefully choose a combination of policies that best enables it to take the opportunity while avoiding the pitfalls and utilizing globalization to the fullest extent possible. India is one of the important suppliers of handicrafts to the world market. The Indian handicrafts industry is highly labor intensive industry and is decentralized as it is being spread all over the country in rural and urban areas. The industry provides employment to large number of artisans which include a large number of women and people belonging to the weaker sections of the society. In addition to the high potential for employment, the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country. Although exports of handicrafts appear to be sizeable, India's share in world imports is minuscule. It is a sector that is still not completely explored from the point of view of hidden potential areas. This research gives the clear picture of the status, importance, opportunities and challenges of the handicraft industries faced by the producers, central government, state government, district industry commission, co-operative society. The Central and State Governments were trying to help the industry by improving raw-material supply, modernization of tools, up gradation of skill of artisans and developing marketing outlets. The problems relating to like middlemen, shortage of materials, defective marketing, outdated tools and ailing co-operatives are being understood and are being solved in this sector.

Innovative ways with the traditional knowledge is the need of the hour and will add value to the handicraft sector.

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