Indian Handicraft Industry and Globalization: An Analysis of Issues and Challenges

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Abstract: India is a rich country in terms of cultural heritage and ethnic traditions and also the hub of handicraft products. Handicraft Industry in India is highly labor intensive, decentralized and unorganized sector. Handicraft sector is economically very vital from the point of high proportion of value addition, low capital investment and high capacity for export and foreign exchange earnings. Indian society and economy has changed extremely from the past few decades. In the Globalization era, there has been an ever-increasing integration of domestic economies into the international economy through trade and investment rules, with the help of technological advancement, which in turn affects people’s jobs, livelihood and incomes. As India opens up doors to the multinationals during 1991, it affected all the sectors of the economy including handicraft sector. Indian handicrafts exports and employment reached at a commendable height while on the other hand, globalization has intensified the precarious existence of artisans in the handicraft industry through increasing global competition, changes in consumer preferences and cultural tastes. Many of the artisan products have been facing the extinction in the globalized/liberalized market economy. Even though there are some governmental and non-governmental interventions in place, they are either ineffective or fail to reach the majority of the artisans. In the context of globalization the situation of the artisans worsened rather than diminishing the marginal status of artisans in handicraft industry in India. The purpose of the present paper is to study an impact of globalization on handicraft industry and artisans, challenges affecting the handicraft industry and artisan, and government policies and programs for the promotion of handicraft industry and artisan in India.

Keywords: Handicraft Industry, Artisan, Globalization, New Economic Policy, Challenges, Policies and Programs.

I. Introduction
India is a rich country in terms of cultural heritage and ethnic traditions and also the hub of handicraft products. Cultural diversity of India provides plenty of remarkable art and craft products. Handicrafts are a unique feature of a particular culture through local craft skill and material. Handicraft Industry is highly labor intensive, decentralized and unorganized sector in India. Handicraft sector is the second largest source of employment after agriculture and forms a significant proportion of the export economy and playing a key role in economic development. Handicraft products are those produced by artisans, either completely by hand, or with the help of hand tools. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant Artisan goods can be classified into several categories, the main among them are basket, leather, metal, pottery, textiles and wood. Handicraft products are made solely by human hand without using any kind of complicated machinery or equipment’s. The Annual Report 2017-18 of the Ministry of Textiles, Government of India suggests that the employment in the handicraft sector is 68.86 lakhs. Out of which, 30.25 lakhs are males and 38.61 lakhs are female artisans. The production of handicraft in India is Rs. 46930 crores and export Rs. 34394.30 crores in 2016-17. India has a less than 2% share of the total world handicraft exports, as this sector has not yet been sincerely explored. This handicraft sector is economically very vital from the point of the high proportion of value addition, low capital investment and high capacity for export and foreign exchange earnings. The handicraft industry is a part of our culture and plays an important role in introducing the material culture richness of our culture to others. In India, where manpower is abundant and capital is scarce, the argument

1 Definition of artisanal products by the UNESCO/ITC Symposium, Crafts and the International Market: Trade and Customs Codification - Manila, October 6-8, 1997
2 Ministry of Textiles, Govt. of India, Annual Report 2017-2018
for handicraft industry is very strong. Handicraft sector can be setup anywhere in the country and thus can help in removing the regional disparities (Shah, 2016: 258).

**Who is Artisan?**

An artisan is often used interchangeably with craftsman, is a skilled manual worker who uses hand tools and limited machinery in a particular craft. Artisan makes the product with hand and with their creative thinking. Artisans are different from the industrial worker mainly because of the traditional skill acquisition, mode of application of the qualities of head, heart and hand in their work, the artisan had a full knowledge of work and skill; therefore there was no separation between the conception and execution of work. The artisan had full control, concentration, judgment and knowledge, over the decisions regarding their work, e.g., when to work, how to work, and how much to work. During the middle ages, the artisans usually organized in the Guild system or Putting-out system in Europe. The Guild system controlled all forms of production and distribution to ensure quality and to prevent competition from outside markets. The artisan in India occupies a middle tier in the social hierarchy, below the landowning aristocrats and above the agricultural workers. In order to become an artisan, a person needs to work under a master artisan as an unpaid apprentice at a young age. If the apprentice completed the training, the apprentice became a paid journeyman. For a journeyman to become a master artisan, he would have to produce a masterpiece that met the standards of the guild.

The National Productive Council (NPC) in 1999 defines artisan as a self-account worker or wage earner engaged in the manufacturing of tangible products largely through the application of his skills which are acquired either traditionally or through formal training and which are not personalized service of any nature. Society for Rural, Urban and Tribal Initiatives (SRUTI) in 1987 define artisans are people whose craft items/products or services, of both utilitarian and decorative, using their hands and traditional tools.

### II. Objectives of the study and Methodology

- To study the impact of globalization on handicraft industry in India.
- To study the challenges and problems of handicraft industry and artisan.
- To study the role of government policies and Programs in the promotion and protection of handicraft industry and artisan.

The present study is purely based on secondary sources of data. An extensive literature survey has been done. Secondary data include both quantitative and qualitative is collected from different sources, including books, reports, research papers, newspapers, magazines, and websites is used for the purpose of study.

### III. Globalization and Handicraft Industry

Globalization is essentially about the movement of capital, products, technology and people. Globalization has been the ever-increasing integration of domestic economies into the international economy through trade and investment rules, with the help of technological advancement. Globalization refers to expanding scale, growing magnitude, speeding up and deepening the impact of inter-regional flows and patterns of social interaction (Held, David and McGrew, Anthony, 2001). United Nations Educational, Scientific and Cultural Organization (UNESCO) in his Bridging Research and Policy Annual Report 2001, defined globalization as a set of economic, social, technological, political and Cultural structures and processes arising from the changing character of the production, consumption and trade of goods and assets that comprise the base of the international political economy.

Indian society and economy has changed extremely from the past few decades. As India opens up doors to the multinationals during 1991, it is not only economies that often meet in the global market sphere, but also the people and cultures. Indian handicraft sector has experienced both the both positive and negative impacts of globalization. Indian handicrafts exports and employment reached at a commendable height. Indian economy experiences the existence of both traditional handicraft and modern mechanized production. *The growing opportunity for handicrafts in the global market is observed when Indian handicraft export was only Rs. 387.00 crores during the year 1986 -1987 and which crossed to Rs (in crore) 1,065 in 1991-92, in 2012-13 is 19,190, in 2013-14 is 26,212, in 2014-15 is 28,524, in 2015-16 is 31,038 and in 2016-17 is 34,394*. During the globalization phase, the demand for traditional and cultural handicraft products increased due to growth in world tourism. *The employment in this sector in 1997-98 was 52,92 lakhs which became 76.17 lakh in 2010-11. Out of which, 24.7% are SC, 2.3% are ST and the total women workforce engaged in handicraft sector is 47.42%, out of which 17.92% belong to schedule caste and 3.10% schedule tribes*. *The Handicrafts and Handlooms Exports Corporation of India Ltd (HHEC)*, involves in promoting Indian handicrafts. HHEC involved in development and exports of handicrafts utilizing the craft skills from all over India to create visually appealing and economically suitable products for the world market.

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1 Ministry of Textiles, Govt. of India. Annual Report 2017-2018
2 Working Group Report on Handicrafts for 12th Five Year Plan by Ministry of Textiles, Govt. of India.
But despite of the export success and employment generation in this sector, the demand for the handicraft product in the domestic market is not satisfactory. The shift from traditional consumption patterns to modern consumption patterns adversely affected the demand of handmade products which consequently affect the employment in this sector. The globalization of artisanal crafts has led to the separation of the craft from the actual artisan. Many of the artisan products have been facing the extinction in the globalized/liberalized market economy. Even though the products they make becoming global, the serious question raised is how global really these artisans are. Modern industrial products, whether domestic or foreign made, are overflowing remotest rural markets. Although it is an undeniable fact that the introduction of modern technology products has advantages, it should not be at the expense of indigenous handicraft goods and their manufacturers.

V. Challenges of Globalization for Artisan and Handicraft Industry

Globalization involves changes in economic structure, relative prices, consumption possibilities and pattern, which in turn affects people’s jobs, livelihood and incomes (ILO, 2004: 45). Handicraft industry is confronting with a lot of challenges due to the intervention of new technology and also increased competition from different countries. They are unable to sustain their products with competing machine made goods and face miserable socioeconomic conditions and are forced to leave their traditional skilled occupations and searched for the alternative livelihood. The artisan skills and productsthey produce are no longer required. Mass produced, standardized and cheap items have replaced many goods once produced by the artisans. Due to globalization and mechanization, slowly the machines are starting to produce the products in large scale, which were produced earlier by artisans. The introduction of products of modern technologies such as ceramics, plastics and metallic utensils that are steadily replacing utility of indigenous craft products in both rural and urban areas, is affecting the economic status of the artisans. Under this circumstance artisans have lost and are still losing their traditional rural markets and their position within the community (Sirika, 2009:10). The liberalization of trade has resulted in the destruction of craft production or craft jobs through the entry of foreign companies, flooding of cheap imported machine-made products and changing technologies and skill demand. According to Sachar Committee Report 2006, regardless of the economic advancement in India one can find that artisans in India have to tolerate the burden of competition started by liberalization. Liberalization resulted in the displacement of artisans who have lost their employment by competitive import items. Typically artisans are engaged in the unorganized sector, which hardly enjoys security of any type and consequently the adverse impact of liberalization on them6. Hence, it has become a threat to the occupations of the artisans and handicrafts. The Majority of these populations have become unemployed and even migrated to urban areas in search of employment. Artisans, and their products and the artisan way of life are thus endangered in this era of globalization. The United Nations report suggests that in India, since the past three decades the number of artisans has declined by at least 30% and many of these artisans are joining the rank of casual workers and informal economy (Sankaran, 2011: 23). Soma Basu (2005) in his study revealed that the carpet weavers in Tamil Nadu in general and women in particular are increasingly shifting to the professions like beedi rolling, which is faster and easier and which earns higher returns7. Hence the new group of excluded artisan from their traditional skilled handicraft occupation emerged in India. Those who are staying in rural areas by continuing their occupations are living below the poverty line. They have a lack of education, negligence, less secured income, etc.

In traditional societies, the artisan was aware of the socio-cultural context of the consumer and designs evolved in the interaction between the artisan and the customer. Hence design the products as per their needs and tastes. The breakdown of historical artisan – consumer relationship, and increasing urbanization and globalization of markets for crafts, artisans have difficulty in understanding how to tailor their goods to changing demands. The artisans face the new challenge of making crafts with new designs at a lower price to fulfill the needs of consumers in the era of globalization.

The handicraft industry is facing tough competition in the global market that has an effect on artisans engaged in handicrafts. Competition is in terms of the cost, time in meeting the deadlines, design, pattern and quality. The demand for low-priced, machine-made products that are of higher quality is another trend affecting the craft industry, for example the Chinese craft producers produce competitive machine-made crafts that are less expensive than the high-quality crafts, which create survival challenges of some craft producers. Craft producers lack the required resources such as finance, machinery and factory or workshop requirements to run their organizations (Makhitha, 2017: 158). Hence the sales of handmade products have declined significantly as machine made products overwhelmed the market. In the globalized/liberalized market, the traditional crafts need to be beautiful and cost effective and maintain quality to face competition. Unfortunately the consumers are under the influence of liberal imports of cheap machine made goods and no longer use the handmade items.

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6 Sachar Committee report on ‘Social, Economic and Educational status of the Muslim community of India’ by Prime Minister’s High Level Committee Cabinet Secretariat Government Of India in 2006.p-20

With the introduction of the New Economic Policy and the abolition of reservation of certain products and small-scale units, artisan communities have started experiencing utmost deprivation (Chalam, 2011: 104). The weavers are constrained into ‘pauperization’ and ‘immiseration’ after the NEP that made the artifact of weavers to compete with low-cost imported products (Ibid: 126). A study conducted by the ‘Frontline’ investigation team concluded that the handicraft sector has been playing an important role in providing employment to lakhs of people; the condition of the weavers is not safe. The average income of the weaver household is estimated at Rs. 20 per day and they did not get even this small amount all through the year. The weavers formed a significant proportion of rural poor, the majority of them falling into the lowest income-expenditure group\(^7\). Poverty makes them become more vulnerable. As a result, most of the artisans are now shifting to other professions rather than to stick into their hereditary occupation. There are over 25 lakh craftsmen in India, mostly in the villages who are not used to interacting with buyers and don’t have the necessary skills to safeguard their own interests (Jena, 2007). In present globalized world artisans with traditional skills cannot survive long, much less prosper. There is the need of the hour to reinvest in artisans to safeguard history, culture and upgrade their traditional skills and acquire new skills. Handicrafts come under the state list; each state has setup its own handicrafts policy. The central government through various developmental schemes, plays the role. But unfortunately most of the governmental schemes have failed to produce fruitful results. The artisans blame the government for their plight. It has failed to provide the artisan support and means for sustaining the profession. Out of 4 lakh artisans in Kashmir only 1.67 lakh artisans registered with Jammu and Kashmir Handicraft Department. 2.33 lakh artisans continue to be unregistered and as a result, do not receive any benefit from different government schemes.\(^8\) Notwithstanding the good intent of state or national policies to preserve traditional crafts, there is nevertheless an underlying paternalism in such policies when the very same state is pursuing a broader global industrial and manufacturing agenda that competes with, and will ultimately lead to the marginalization, or even complete demise, of local artisan industries. Government policies set up to promote artisan industries in India have been criticized for their failure to properly recognize and promote the needs of craft workers.

VI. Other bottlenecks of Handicraft Industry and Artisan

According to SRUTI report in 1995 the major problems which artisans face today is disappearing of markets for artisanal goods, the dramatic shift in consumer preference from artisanal goods to machine-made goods, technological obsolescence and poor governmental planning. The employment conditions of artisans are often precarious. The contractual obligations of artisans are usually project based, and periods of unemployment between engagements are a normal feature of their working lives. Mostly artisans work on an irregular, par-time or self-employed basis, with limited coverage for medical and pension schemes\(^9\). Artisans lack understanding of what the market needs, which leads to an inability to formulate appropriate and competitive product and marketing strategies. Craft producers also lack skills in product design, distribution and organization management. In contemporary times, most of the artisans in India are struggling for survival. Artisans believe that crafts were declining in their ability to generate steady, sustainable and respectable livelihoods due to a lack of institutional support for a long time. The artisanal skills pass from generation to generation, but in present times second generation of artisan family are not willing to take their family occupation; by seeing the parents struggle to find the market and fair price for their products, the curriculum in the schools does not include lessons regarding the importance of craft and these occupations are regarded as old aged and traditional, artisans are excluded for being from lower castes, which further discourages new generation from joining the family occupation\(^10\). The major challenges faced by an artisan in the handicraft sector are as under:

1. **Financial constraints:** Presently most of the artisans engaged in handicraft sector are from economically backward sections. Artisans suffer greatly from a lack of access to credit and loan facilities. Banks are reluctant to provide loans to the artisans because of wrong utilization of funds, low recovery rates, lack of education on the part of borrowers and lack of marketing facilities for finished products as reasons for the low proportion of loans provide to artisans. This forced them to seek credit from moneylenders, who charges a very high rate of interest. However, the government has provided loans at concessional rates and finance for tool-kits and equipments, yet that is not enough. The all India Debt and Investment Survey (2002) highlighted that the proportion of money borrowed by rural households from money lenders rose by over 10% from 17.5% in 1991 to 29.6% in 2002.

2. **Low education level:** The education level of the artisan is not satisfactory. The lack of education makes it difficult to approach government schemes, bargain with middlemen and traders and market information.

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\(^7\) Frontline, The Plight of Weavers & Starvation Deaths in Andhra Pradesh, 6 Dec. 1991, pp. 46-81

\(^8\) Article published in Greater Kashmir ‘2.33 lakh unregistered artisans unable to get benefits from govt. schemes’ by Saqib Malik, Feb. 9, 2018


\(^10\) A report by DASRA, 2013 ‘Crafting A livelihood: building sustainability for Indian artisans’
early 1990s the 50% heads of the households in the craftsproducing families received no education whatsoever, and unfortunately 90% of the women in these households were completely uneducated.  
3. **Lack of empowerment**: Existence of an unorganized and informal structure in the handicrafts sector leads to high level of dependence of the artisans on middlemen for raw material and credit, who exploit these artisans for their own profits.  
4. **Low wage and highly unorganized sector**: The low wage rate for artisans responsible for their miserable economic condition, hardly able to fulfill their daily needs. Most of the artisans are still below the poverty line. They are unable to purchase good quality of raw material, modern tools and equipment’s. This sector is also highly unorganized. A large number of the artisans working in this sector prefer to work independently. Only 9% of artisan benefited from formalized employment, while 42% worked out of their homes. This independent working structure has a huge impact on the individual cost of raw material, transportation and other subsidiary activities. Besides, it is also hard to access the per unit cost of producing a handicraft products and also how many such items are produced is also difficult to access.  
5. **Inadequate infrastructure and dearth technology**: The artisans are still using the age old technology and methods of production, which caused a drastic effect upon the quality and quantity of their output. This is due to the lack of financial capability, lack of awareness or knowledge about the availability of appropriate tools & technology and other developments in the sector. In addition, the lack of basic infrastructure such as work sheds; warehousing, etc. have an impact on the quality of their products.  
6. **Lack of quality raw material**: Due to low volumes required, artisans have low bargaining power and are forced to buy sub-standard materials at a higher price. Traditionally, the raw material was widely available due to close linkage between the evolution of crafts and locally available materials. However, with the breakdown of the traditional structures like Jajmani system, along with the competition from the organized sector, artisans find it challenging to buy quality raw materials at reasonable prices.  
7. **Fierce competition from machine-made products**: With the process of industrialization and globalization, craft products replaced by machine-produced products. Handicrafts sector is facing hard competition from these products, as these products are cheaper and of better quality.  
8. **Limited access to markets and low demand**: Most of the artisans have access only to local markets and not to global markets. With the result, artisans are absolutely dependent on middlemen, to sell their products in markets other than local ones. The change in the consumer preference and availability of cheaper and more varied products, craft products faces a severe challenge in modern markets. They are typically regarded as old-fashioned, traditional and antithetical to modern tastes.  
9. **Negligence by central and state governments**: There is also the lack of proper attention of Govt. towards this sector. The policies and programs aimed for artisans have low priority in terms of execution and assessment. The Govt. views this sector no longer pertinent in India’s technology driven economic growth.  
10. **Inadequate census data**: The other bottleneck is the lack of authentic and adequate data on artisans, including their socioeconomic status and their livelihood conditions. Which adversely affects planning and policy making for this sector.

VII. **Policies and Programs for Handicraft Industry and Artisan**

The international symposium organized by UNESCO in 1997 on ‘Craft and the International Market’ was an important milestone in drawing the attention of the global community on the issues of protection, promotion and codification of artisanal products. In India both central and state government and various non-government organizations (NGOs) have aimed to preserve the range of crafts unique to their nations. Special consideration is being paid to guarantee that a large number of artisans get the advantage of all developmental schemes. Under the 12th five year plan the handicraft sector aims at creating world class globally competitive environment, providing sustainable livelihood opportunities to the artisans and thereby resulting in balanced socioeconomic development and inclusive growth. The Office of the Development Commissioner of Handicrafts has implemented the following schemes for promotion and development of the handicraft sector under the 12th five year plan:

1. **National Handicraft Development Program (NHDP)**: This program has launched a number of schemes under Baba Saheb Ambedkar Hastshilp Vikas Yojana (AHVY). The main objective of this scheme is for a sustainable development of handicrafts through the participation of crafts persons including women, leading to their empowerment. The main aspects of this scheme are;
   a) **Baseline Survey and Mobilization of Artisan (BLSM)**: This scheme emphasized the sustainable development of handicrafts through the participation of artisans, resulting in their empowerment. The main elements of this scheme are; i) Mobilization of artisans into self-help groups or cooperative societies ii) Comprehensive development support..

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12 A report by DASRA ‘Crafting A livelihood: building sustainability for Indian artisans’ 2013
b) **Marketing Support and Export promotion Schemes:** The awareness among the people about the craft products developed through (i) Organizing marketing events, e.g. Exhibitions, National Handicraft fairs, etc. (ii) Publicity through electronic and print media (iii) Financial support to state handicrafts corporations and NGOs for opening new Emporia, etc.

c) **Design and Technology Upgradation Scheme:** To supply modern tools, upgrade artisan skills through the development of new designs, preserve traditional crafts and revive rare crafts through (i) Craft Awareness (ii) Financial help for the supply of tools, safety equipment’s etc. (iii) Shilp Guru Award, National Award and National Merit Certificate for outstanding performance in handicraft sector. (iv) Design and Technology Development Workshop.

d) **Human Resource development schemes:** The scheme aims at to provide qualified and trained workforce in the handicraft sector through (i) Handicraft Training programs (ii) Training through Established Institutions (iii) ‘Training through Guru ShishyaParampara’ (iv) Transfer skills of master artists to new trainees. (v) Steps to promote the skills of existing as well as new craftsperson’s.

e) **Research and Development Scheme:** This scheme aims to make depth analysis of some aspects and problems of handicrafts to formulate policies and evaluation of the schemes implemented.

2. **Mega Cluster Handicraft development scheme:** The aim of the Mega Cluster approach is to promote the infrastructure and production of clusters which has remained unorganized and are unable to cope with the modernization and technological development. These clusters also provide skills training and the social uplift of artisan communities. It also connects artisans to potential buyers and assistance organizations like micro-credit agencies and various NGOs. It also educates and trains artisans and their development partners about product quality, sound business practices and market trends, and ‘best practice’ in production and marketing, and raises general consumer interest in and appreciation of handicrafts. There are 2864 clusters which presently working in different states in India.

3. **Handicrafts Artisans Comprehensive Welfare Scheme:** This social security scheme was launched under the Schedule II of the "Unorganized Workers Social Security Act (UWSSA), 2008. The aim of this scheme is to address the welfare needs of the artisans in respect of health and insurance, and has two sub-schemes:
   a. **AamAdmiBimaYojana for Handicrafts Artisans (AABY):** This scheme provides life insurance protection to the artisans in the age group of 18-60 years. The total number of 4038 artisans has been covered under AABY scheme in each year 2014 and 2015.
   b. **Rajiv Gandhi ShilpiSwasthyaBimaYojana (RGSSBY):** This Yojana provides the financial help to the artisans to access best healthcare facilities. This scheme also covers the other three members of the artisan family.

4. **Some other measures for Artisans**
   a. **Pahchan Initiative:** This initiative was launched in 2016 for better targeting of artisans to enable their easy and smooth access to the benefits. About 18 lakhs artisans have been verified and 11.89 lakhs Pachan I cards have been distributed up to 31.12.2017.
   b. **PushtainiHunarVikasYojana:** This program launched by Indian Institute of Carpet Technology (IICT) in order to provide technical and soft training to weavers from the traditional carpet weaving families.
   c. **Handicraft Mark:** This is the trademark, certification of Indian Handicraft goods which will be symbolize to assure domestic and overseas consumption about the authenticity of the handicraft products.
   d. **Geographical Indications of Goods:** The Geographical Indication of Goods (Registration &Protection) Act 1999 provides legal protection to Geographical Indications of goods. So far 92 Handicraft goods have been registered under the GI Act.

VIII. **Conclusion**

As India has opened her doors to the foreign companies during the era of economic reform and liberalized market, the global village is now a reality. The whole world is now interconnected. In particular, this change does not improve the position of handicraft artisans and has created a number of challenges before them. It resulted in the exclusion of artisan from their traditional skilled occupations, facemiserable socioeconomic conditions and forced to search for alternative livelihood. Globalization is ‘blessing in disguise’ for the handicraft industry and artisans in India; on one hand it has opened the new international markets for the handicraft products, but on the other hand it has shirked the domestic market for the handicraft products through the heavy influx of machine-made products. It has opened the new job opportunities in different sectors of the economy while, on the other hand it has snatched the employment opportunities for handicraft artisans. The better policies and programs can only protect this industry and artisans. From time to time government formulates the various policies and programs for handicraft artisan but remain unsuccessful on the ground level. Earlier the challenge for the Government is how...
to improve the condition of the artisans, but in contemporary times the challenge for the Government is how to preserve these traditional handicraft products and artisans from extinction.

IX. References


