



## SOCIO-ECONOMIC POTENTIAL OF HANDICRAFT INDUSTRY IN TAMIL NADU: OPPORTUNITIES AND CHALLENGES

### KEYWORDS

Handicrafts Industry, Employment Generation, Socio-Economic Development.

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### ABSTRACT

Handicrafts is a pivotal source of revenue generation of Tamil Nadu State. This industry is unique in terms of design, cost and quality of products and thus provides a competitive advantage on other national and international players of handicrafts market. Inspite of the various advantages, the industry still needs to explore and identify various opportunities and challenges ahead to compete at national as well as at global level marketers. In this backdrop, the present research paper is an endeavor to study various avenues of social and economic upliftment of state in terms of revenue generation, foreign exchange, raising standard of labors and employment generation. The paper focuses on the contemporary challenges as well as the scope of handicraft sector in the state of Tamil Nadu and thereby providing suitable suggestions in order to make industry more market oriented and sustainable in future.

### INTRODUCTION

In the contemporary state of affairs existing in the Indian economy, the handicraft sector has emerged as a focused area of interest for the scholars' community, academicians, practitioners and other allied stake holders. The sector has proven very instrumental in uplifting the regional growth particularly in rural areas and therein minimizing the imbalances prevailing in the economy. The incredible feature of the handicraft sector to contribute towards sustainable development has attracted the attention of present researchers because of the fact that the sector satisfies not only the existing set of millions of artisans but has a concern for the large number of new entrants in the handicraft sector.

Handicraft products are mostly defined as items made often with the use of simple tools, and are artistic or traditional in nature (Yojana, 2006). Handicraft products are simply as the objects made by the skill of the hand carrying a part of the creator as well as centuries of evolutionary tradition. India ranks as one of the major supplier to the total production and supply in the world handicraft industry and the industry is located almost all over the country in rural and urban areas.

### Handicrafts Sector in India: An Overview

India is a diverse country in terms of ethnic traditions and culture and also a treasure house of Indian handicrafts. Exquisite handicrafts using diverse raw materials are sourced from different parts of the country. This include art metal ware, wood ware, hand printed textiles and scarves, leather crafts, hand knotted carpets and embroidered goods, wood design, shawls as art ware, stone carvings, imitation jewelry and miscellaneous other handicrafts. One of the unique feature of the handicrafts is that more often the same item of the handicraft, produced in different regions are different from each other in terms of the craftsmanship, style, color combination and finish by artesian creativity.

The Indian handicrafts industry is highly labor intensive cottage based industry and decentralized, being spread all over the country in rural and urban areas. Numerous artisans are engaged in crafts work on part-time basis. Handicrafts industry plays a substantial role in building up of country in terms of its share in employment, output production and prosperity creation (Syed Khalid-2012). The handicrafts of a society often become the dominant means of livelihood. It also satisfies their daily requirements of the people and provides employment to the members of the households of the society which in turn leads towards socio-economic development. The industry provides employment to over six million artisans who

include a large number of women and people belonging to the weaker sections of the society. The Handicrafts Sector plays a significant & important role in the country's economy. It provides employment to a vast segment of craft persons in rural & semi urban areas and generates substantial foreign exchange for the country, while preserving its cultural heritage. Handicrafts have great potential, as they hold the key for sustaining not only the existing set of millions of artisans spread over length and breadth of the country, but also for the increasingly large number of new entrants in the crafts activity. Presently, handicrafts contribute substantially to employment generation and exports. 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.

The handicraft sector is still being fully explored in order to tap the other opportunities like its contribution to socio-economic development of the state. In order to efficiently utilize this asset, there is a need to create it as benchmark and discover the new techniques and tools that will help it to stabilize as competitive edge in the world market. There is a need to focus the hidden obstacles and opportunities that will serve as an instrumental to create a niche in the global business environment and thereby facilitating the process of wealth creations and employee generation to raising the standard of living of millions of skilled and semi-skilled artisans of the Indian subcontinent. The business environment is flexible and so is the customer residing therein. The challenge can be profitable to handicraft products by maintain the outside in view in order to create value and deliver the same through continuous effort in the value chain process.

### An Outline of Tamil Nadu Handicrafts

The handicrafts industry of Tamil Nadu is an important sector contributing to overall development of current and other allied sectors in terms of wealth and employment creation thus occupying an important place in the economy of Tamil Nadu. It is basically a cottage industry and provides direct and gainful employment to more than 3 lakh people and has the potential to facilitate the path of raising the living standards of citizens residing within and outside the boundary of state. The handicraft products have earned global acclaim for their exquisite designs, craftsmanship and functional utility. The woolen and silken carpets of the state remain unparalleled on the national scene for quality and design. The crewel embroidered pashmina, and embroidered raffle shawls, pattern of Kani shawls, intricate wood carving, production of flora design in

paper mache goods, etc., are some of the world famous traditional crafts of the state. In fact, the Tamil Nadu craftsman possessing a unique talent for intricate workmanship is one of our most important resources. This industry has a tremendous potential and has to be perceived with concern and with a precise understanding of its values. As an export oriented industry, it has contributed considerably towards foreign exchange earnings worth crores of rupees annually. It is a cottage-based industry, which does not require heavy capital investment and heavy infrastructure such as machinery, buildings and power.

### OBJECTIVE OF STUDY

1. To carry out socio-economic analysis of Tamil Nadu handicraft industry.
2. To analyze the challenges and opportunities in handicraft industry of Tamil Nadu state.
3. To provide valuable suggestions to enhance the promotion of Tamil Nadu handicraft industry.

### RESEARCH APPROACH

The present study is theoretical in nature. The scope of the study extends to the handicraft sector of India where a case of Tamil Nadu State has been taken into consideration. The major motive behind the present study is the eminent prospects of Tamil Nadu handicraft sector in contributing towards economic development of the state and the nation as a whole. The data for the present study has been collected from secondary sources. The data analysis has been done through secondary review and content analysis has been performed to arrive at conclusions and discussion. The secondary sources of the data includes books, journals, newspapers, published and unpublished research work, various search engines, etc. The up to date quantitative data has been collected from the official websites of the Indian handicraft industry as well as Tamil Nadu handicrafts.

### REVIEW OF LITERATURE

The handicrafts industry being composed of small units with little capital required, is seen by many policy makers as a potential source of employment for at least some of the millions of unemployed rural workers and one major reason advanced for the desirability of labor intensive handicraft 'outworking' is that it minimizes rural-urban migration.

According to Vincent Cable and Ann Weston (1892), 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%; Tamil Nadu, Delhi, Haryana and Punjab each around 5%. Over 75% of handloom fabric destined for export originates in the southern part of Indian subcontinent.

Tamil Nadu has not been able to attract investments from private sector & remained an industrially backward state due to its unique economic obstacles arising out of remoteness and poor connectivity, hilly and often inhospitable terrain, weak resource base, poor infrastructure, sparse population density, shallow markets and most importantly a law & order situation threatened by militancy. Nevertheless, many small and medium scale industries have come up basically in the traditional sectors along with some new areas like food processing, agro-based units and metallic and non-metallic products. However, natural factors are more conducive for handicrafts, village and small scale industries. Besides, due to saturation of employment opportunities in government/traditional and non-governmental sectors like agriculture, industrial sector has been declared as the main vehicle for accelerating economic activity besides providing employment to the educated unemployed youths in the state. However, the Tamil Nadu state is on the path of industrialization in a modest way despite topographical limitations.

Handicrafts is one of the biggest employment providers next to agriculture sector (Bilal-2010). From the below Table 1, it becomes clear that in the handicraft industry one lakh forty four thousand people were engaged in the year 1990-91 which has gone up to 3.29 lakh in the year 2010-2011. Similarly, the production rose from 57.82 lakh to 900 lakh in the reference period (i.e. 1990-91 to 2015-16). The numbers of workers involved in carpet industry amounting 0.915 lakh people followed by woolen shawls as 0.841 lakh people and then 0.360 lakh people involved in the crewel work.

**Table 1. Production and Employment In Tamil Nadu Handicraft Industry**

Industry	Production (Crores)/ Employment (Lakhs)	1990-91	1995-96	2000-01	2005-06	2010-11	2015-16
Carpet	Production	19.04	35.00	84.45	112.60	595.10	425.00
	Employment	0.47	0.62	0.74	0.79	0.915	-
Namda	Production	0.48	1.51	2.90	3.13	9.90	2.40
	Employment	0.02	0.03	0.05	0.06	0.086	-
Crewel	Production	4.40	8.00	16.70	13.90	1.65	60.00
	Employment	0.16	0.23	0.27	0.32	0.360	-
Wood Carving	Production	0.96	3.00	5.65	6.12	3.38	4.75
	Employment	0.03	0.04	0.06	0.07	0.08	-
Paper Mache	Production	1.11	2.00	4.50	4.80	39.82	30.00
	Employment	0.03	0.05	0.06	0.07	0.095	-
Far & Leather	Production	0.91	1.50	1.80	2.12	2.20	12.00
	Employment	0.02	0.03	0.04	0.05	0.077	-
Chain Stich	Production	0.23	0.60	2.25	2.70	19.80	26.50
	Employment	0.01	0.02	0.03	0.05	0.067	-
Woolen Shawls	Production	10.02	0.15	22.05	27.80	17.88	310.00
	Employment	0.37	0.43	0.51	0.72	0.841	-
Other Handicrafts	Production	20.67	38.40	65.00	76.83	0.60	19.35
	Employment	0.33	0.40	0.39	0.65	0.762	-
Total	Production	57.82	105.0	200.0	250.00	696.33	900.00
	Employment	1.44	1.85	2.25	2.78	3.29	-

**Source:** Directorate of Handicrafts Tamil Nadu (Production (Crores), Employment (Lakhs))

According to Planning Commission report (Annual Plan: 2009-10) the Tamil Nadu government has accorded priority to industrial promotion with the objective of bringing in speedy socio-economic prosperity in the state and generating ample opportunities for employment. The handloom sector provides employment to about 22,109 persons annually and on the average 500 persons are trained in handloom training centers. In order to give boost to the handloom activity in the state, the government has undertaken several welfare measures for the weavers and for the modernization of the looms. About 1,292 looms have been modernized and 1892 artisans/weavers brought under the scheme. The Government of India and state government have also given assistance of Rs. 7000 in rural areas and Rs. 10,000 in urban areas for the construction of work-sheds. Weavers also provided loans for the purchase of looms and modernization of looms at lowest interest rates possible. Other welfare schemes include thrift fund, scholarship to daughters of weavers under the education scheme and medical reimbursement under the health package scheme. Under the Project Package scheme (PPS), need-based and area-based projects are formulated by the state governments to help weavers set up work sheds, selling outlets, dyeing units, modernization of looms, etc. During 2007-08, a total of 769 projects covering 6,499 weavers and costing Rs. 39.43 crores were sanctioned under the PPS. Moreover, the government has chalked out a time-bound programme to give a fillip to handloom sector in the state. About 100 new handloom cooperative societies and self-help groups (SHG) were to be set up by the end of 2011-2012 fiscal year, enabling handloom weavers to avail of wide range of special

incentives under centrally sponsored Deen Dayal Hathkargarh Protsahan Yojana (DDHPY) (Daily Excelsior-2012).

Handicrafts have a special socio-economic significance in Tamil Nadu. Keeping in view the vast potential in handicrafts for economic activities like the generation of employment and revenue, the state government has launched various measures to encourage the growth of the handicrafts industry. Against an allocation of a mere Rs.19.50 crores in 1998-99, the budgetary allocation for this sector has been increased to Rs. 24 crores during 2008-09. The production of handicrafts crossed the Rs. 400 crores mark during 2008-09. There has also been notable growth in the state's export in recent years.

According to Tamil Nadu Handicrafts Corporation Limited (2013), there has been increase of 38.50 percent turnover to the total export of handicrafts products in financial years of 2013-2014 to 2014-2015 aggregating contribution of Rs. 17970 Crores from 12975 Crores to total State Gross Domestic Product (SGDP). According to the provisional data available from the table 2 below, the exports of Handicrafts have shown an increase of 4994.87 crores, from ` 12975.25 to ` 17970.12 crores, an increase of 38.50% in rupees term. In dollar terms, the exports have shown the increase of US \$ 599.24 million i.e. the exports increased by 22.15% over the similar period in 2013-2014.

**Table 2. Economic Analysis of Tamil Nadu handicrafts to Total Export contribution**

ITEMS	Rs. In Crores		Increas e/Decre ase in % age over 2013-14	US\$ in		Increas e/Decre ase in % age over 2013-14
	2013-14	2014-15		2013-14	2013-14	
	April-March		47.9560	54.3742		
Art metal Wares	2603.27	3328.64	(+) 27.86	542.85	612.17	(+) 12.77
Wood wares	1560.50	2745.93	(+) 75.96	325.40	505.01	(+) 55.20
Hand printed Textiles & Scarves	1655.04	2232.47	(+) 34.89	345.12	410.58	(+) 18.97
Embroidered & Crocheted Goods	3922.57	4665.74	(+) 18.95	817.95	858.08	(+) 4.91
Shawls	254.30	448.55	(+) 76.39	53.03	82.49	(+) 55.55
Zari & Zari Goods	239.81	286.49	(+) 19.47	50.01	52.69	(+) 5.36
Imitation Jewelry	575.33	1017.36	(+) 76.83	119.97	187.10	(+) 55.96
Misc. Handicrafts	2164.43	3244.94	(+) 49.92	451.34	596.78	(+) 32.22
Total	12975.25	17970.12	(+) 38.50	2705.66	3304.90	(+) 22.15

**Source:** Tamil Nadu Handicrafts Corporation Limited

During the period, the exports of Art Metal ware, Wood wares, Hand printed Textiles & Scarves, Embroidered & Crocheted goods, Shawls as art wares, Zari & Zari goods, Imitation Jewelry and Misc. Handicrafts showed an increasing trend of 27.86%, 75.96%, 34.89%, 18.95%, 76.39%, 19.47%, 76.83% and 49.92% in rupees terms respectively and 12.77%, 55.20%, 18.97%, 4.91%, 55.55%, 5.36%, 55.96% and 32.22% in us \$ term respectively. Overall an increase in the rupee term was 38.50% and in the US \$ term was 22.15%.

## CONCLUSIONS

The finding from the literature review represents unique position of Tamil Nadu handicrafts in improving social and economic conditions of Tamil Nadu. From societal point of view it is mostly preferred sector after agriculture because of suitable conditions in

terms of topography of state. It provides opportunities to its citizens to enhance their standard of living and helps them to meet their social and psychological requirements of a sustainable life. In economic terms it helps in generation of aggregate employment and raising per capita income of state and hence contributes to State Gross Domestic Product (SGDP) in particular and National Income in general. Tamil Nadu handicraft industry facilitates technical know-how between state skilled manpower and international market players through foreign exchange.

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