



Indian handicraft exports: An economic analysis

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Abstract:

India is one among the culturally rich countries in the world. The country is fortunate enough to possess some highly skilled artisans. They have increased the fame of Indian handicrafts around the globe. The Indian handicrafts industry is highly labour intensive, cottage based and decentralized industry. It plays a significant & important role in the country's economy. The crafts of India are diverse, rich in history and religion. The aesthetics of each state in India reflect the influence of different empires. Throughout centuries, crafts have been rooted as a culture and tradition within communities of India. Indian handicraft earns well from its exports and also the subject for global exhibitions representing India.

Key words: handicrafts, foreign exchange, export, global.

Introduction:

Handicrafts industry is an industry where machine does not dominate and it's much decentralized structure prevents the exploitation by a capitalist tycoon sitting far away, controlling production and people. Crafts, by their very nature, are not mass produced. But if people are working with their hands, albeit with the assistance of tools and machines,



producing goods required in a wide market space, selling to make profits and thereby contributing to national wealth, crafts can be termed as a decentralized creative industry where human mind and hand is more important than small machines and tools they may use. There is, therefore, a world of industry without industrialization in the traditional sense, and there is both sufficient scope and need for this to come out of the disorganized, diminishing and low-end profile that it has been carrying for long.

One of the very interesting developments taken place during the last few years has been the growth in exports of handicrafts from India to China. Indian hand-made items are in more demand than mostly machine-made Chinese products in metal ware, art ware, giftware and wood craft categories. This indicates that Indian “handmade” handicraft products are gaining demand in the global market, including China.

Literature review:

Darakhshan, (2011) Kashmiri handicrafts, especially its shawls and hand woven carpets, are also very renowned and have economic potential in exports the industry has the ability to create such handicrafts and export them to other areas of the world in which such commodities are rare and valuable could raise many women and families out of the difficult situation of poverty.

Effat Yasmin, (2013) the sector makes conspicuous contribution in sustaining export trade of the state. The handicraft activities are especially carried out in Kashmir Valley which is called the home of handicraft goods and has earned a unique place in the world of handicraft scenario. The exports in the handicraft sector have increased to Rs.1200.47 crores during 2007-08 as against Rs.34.60 crores during 1990-91 and their growth rate is also at a satisfactory level.

Sanyal, Banerjee and Majumder, (2013) performed study on the Leather Industry in India by using the Constant Market Share (CMS) Analysis, found the change in export from (1991-2006) and conveys that the leather export has been seen decreasing due the change in demand



in the world, change and market competitiveness.

Syed Khalid Hashmi, (2012) 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.

Objectives:

- To make suggestions regarding the handicraft exports
- To know the Indian handicraft as the satisfactory contributor of exchange earnings

Research Methodology:

This research paper is descriptive and investigative, based on the secondary data. The necessary secondary data has been composed from different old research papers, journals, eBooks, internet, some of the governmental data etc. The data has also been taken from various documents such as newsletters, reports, magazines, journals, newspaper, as well as from existing literature to understand the importance and contribution of handicraft industry in Indian economy. Also growth rate and simple regression is employed for showing the relationship between exports and time period.

$$Y = \alpha + \beta x + v_i \dots\dots\dots (1)$$

Results and discussions:

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. This 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 can lead the whole market. For that we have to improve our technology and tools to make handicraft more popular in the whole world.

India's handicraft exports increased by 20.72 percent to US\$ 2.78 billion during the period of April to January 2013-14, compared to the same period last fiscal, as per the data released by the Export Promotion Council of Handicrafts (EPCH). According to the EPCH data, India exported handicraft items worth \$2.78 billion during the April to January 2013-2014 period, whereas the country exported handicrafts worth \$2.30 billion during the same period in 2012-13. Sub-sector wise, during the April to January 2013-14 periods, India exported hand printed textiles and scarves worth \$357.21 million, indicating a surge of 8.69 percent compared to the same period last fiscal. Exports of shawls as art wares amounted to \$45.33 million during the first ten months of this fiscal, showing a rise of 3.35 percent year-on-year. As per the EPCH data, during last fiscal (April to March 2012-13), India exported handicraft items worth \$3.30 billion, registering an increase of 22.15 percent compared to the 2011-12 fiscal year.

Table No.1.1: Exports of Indian handicraft: *(In millions)*

Year	Exports	$Y = 5882.x + 1994$	%Growth Rate
1990-91	8690	7876	-
1991-92	9620	13758	10.70
1992-93	1476	19640	-84.65
1993-94 1994-95	19,700	25522	1234.68



	26,360	31404	33.80
1995-96	30,200	37286	14.56
1996-97	35,690	43168	18.17
1997-98	43,060	49050	20.65
1998-99	50,580	54932	17.46
1999-2000	59,240	60814	17.12
2000-01	69,550	66696	17.40
2001-02	67,700	72578	-2.65
2002-03	83,430	78460	23.23
2003-04	104,650	84342	25.43
2004-05	130,320	90224	24.52
2005-06	153,876	96106	18.07
2006-07	170,000	101988	10.47
2007-08	110,512	107870	-34.99
2008-09	80,000	113752	-27.60
2009-10	86,091	119634	7.61
2010-11	100,000	125516	16.15
2011-12	105,302	131398	5.30



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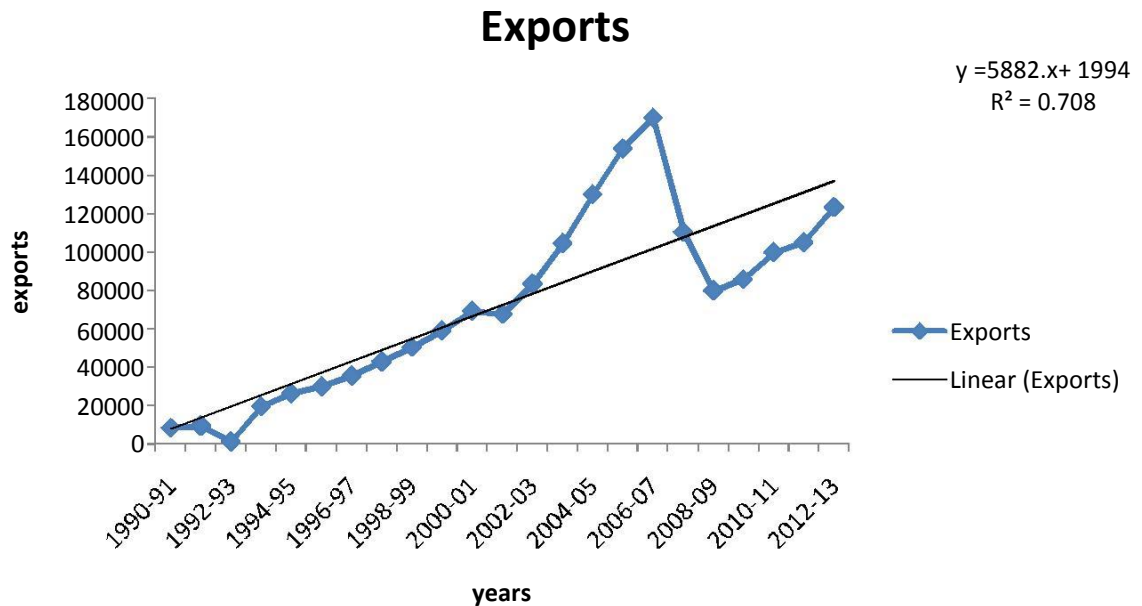
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2012-13	123,473	137380	17.25
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Source: Foreign Trade Statistics of India (Principal Commodities & Countries)



The coefficient of determination (R^2) 70% was found in the above model, which means that 70% variation in the dependent variable was explained by the independent variable. The figure shows that from 2008 to 2010 the exports show the decreasing trend. The decreasing trend is the cause of the global meltdown, now from 2010 onwards it again shows the upward trend which is favorable for our economy. In the fourth Column of the above figure the growth shows a fluctuation nature, in 1991-92 the growth rate of exports are 10.70, now it is 17.25 in 2012-13. Between this long spell of time sometimes it shows more fluctuation and some time it go smooth.

Suggestions:

Observe and estimate: A significant achievement factor for any scheme is a strong observation and estimation system to guarantee timely completion of project activities as well as attainment of objectives of increasing incomes of handicraft producers.



Exports of Handicraft: If systematic efforts are made, some of the selective products could emerge as a major foreign exchange earner in the near future. However, before exporting of such items care should be taken on product identification, quantum of production, supply arrangements, price, delivery, quality, payment terms etc.

Organizing marketing network of Handicraft: Absence of systematic marketing network has been a discouraging factor in this region. In my opinion, the artisans must be organized by themselves under the co-operative umbrella for marketing their products by themselves. For this more and more linkages must be developed with outside parties.

Conclusion:

Our country is known among top trading countries in the international markets, having specialty in export of many different finished and non finished goods. Handicraft is one of the good which is exported from our country to different countries of the world, and also have earned good name and fame in international market. Handicrafts are the unique expression of our community and culture. It generates foreign exchange earnings which are very important for economic growth and upliftment of our economy. In order to make best exploration of this handmade industry Government should make available of the encouragement and support. State and central Government must take pace to make different policies and channels for this eco friendly industry which needs low investment and returns high returns.

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