

# Present Scenario of Indian Handicraft Products

Dilip Kumar<sup>1</sup> and P.V. Rajeev<sup>2</sup>

<sup>1</sup>Research Scholar, <sup>2</sup>Associate Professor,

Faculty of Management Studies, Banaras Hindu University, Varanasi - 221 005, India

Email: dilipbhu02@gmail.com , pvrajeev@fmsbhu.ac.in

(Received on 23 January 2013 and accepted on 26 March 2013)

**Abstract** – The epitome of India, lies in the art and craft, which symbolizes the culture, tradition and societal values. Indian handicraft industry is one of the oldest & biggest industries of India. It provides employment nearly sixty seven lakhs artisan and is one of the Important suppliers of Handicraft to the world Markets. The present research paper attempts to comprehend the essence of the art which hold the Indian craft in high esteem and demand in the international market. The paper primarily focuses on the immense opportunities that exist in the Indian handicraft industry and the impact of global recession on the industry and personnel associated with the craft. The paper tries to contemplate upon the hurdles in the marketing of handicraft products. In addition it would also plunge into the opportunities for Indian Handicraft products in its present state. The paper is divided into four sections as under: The first section speaks of the Indian Artifact industry and the recognition of Indian Handicraft sector in the Global market. It takes a look of the contribution of Indian handicraft industry in the Indian Economy. The dilemma of the growth in handicraft sector has become a thing of deep concern due to the recessionary trend witnessed in the global economy. Thus the first section prepares a convincing backdrop. The next section focuses on the review of existing research activities in the area of handicraft marketing. The third section is set to deal with the challenges faced in the marketing of handicraft products. It would delineate the bottlenecks in the marketing of Indian Handicraft products. Concluding observations would form the last section providing concrete information on the opportunities in marketing of handicrafts and the urgency the sector demands to sustain the traditional value of Indian Society.

**Keywords** : Marketing, Handicraft, Artisans, Present Scenario, Recessesion, Export

## I. INTRODUCTION

Handicrafts are mostly defined as “Items made by hand, often with the use of simple tools, and are generally artistic and/or traditional in nature. They are also objects of utility and objects of decoration.”

The Indian handicrafts are known the world over for their rich variety, grace, elegance and skilled. Excavations

conducted in different parts of India prove that India in various periods had unmemorable handicrafts. The ruins and remains unearthed from Mohan-Jo-Daro prove the high skill of craftsmanship of the inhabitants of this region. Household utensils plain and painted pottery brought about by the rhythmic turning of the wheel, terracotta's, weapons and implements, ornaments, were some of the artistic and valuable things found there. Varieties of handicrafts are produced over time in all parts of the country including tribal areas. Thus handicrafts of any given time and space reflect and preserve in them the results of centuries of patient experiments of man under varying circumstances. Like art craft treasures also reflect the taste of human society through the individual and give collective mind of the community. Crafts not only satisfy economic wants but also the aesthetic yearning of man.

The Indian Handicraft industries play an important role in world in Handicraft field. This is one of the oldest cultures of India which represent different traditional art, of the different part of India. The handicraft products have very large market in the world due to its growing potential in the world. Many countries entered and some others country wants to enter in this field because this is unexplored field for business organization and some of the country like China, Korea and Thailand etc are major players in Handicraft industry. Due to its uniqueness and quality the number of customers are increased in present era. The demand of these products is increases in many countries like Germany, France, Italy and Switzerland etc. The substantial supply of giftware products of handicraft has transformed these country giftware market of handicraft in to a fiercely price in competitive market place. Innovative giftware product which promote the consumer to purchase this product. The role of handicraft industry is very important in Indian economy because economy of any country directly related to the foreign currency of different country. Handicraft is very important sector to earn foreign currency for our country. It play important role in employment generation because it has 3% growth rate within last five year. This is one of the sectors which required very less amount of money to start the business like raw material, small instrument etc.

Vanaja Menon (2010), in her study states that, the demand to apply quantitative marketing methods is rapidly growing across the world. Marketing of handicraft is very important aspect from which we can provides all types of information about the products, from which we can get feedback about the quality of the products. Sanjay Mahapatra (2011), states that there is need of improvement in the marketing process of the craft of famous craftsmen work. In organized market, craftsmen's are paid better wages, quality of the products under control but in unorganized market have lack of this facility. Government should facilitate and promote the craftsmen to take participation in different Mela, craft bazaar, involvement of NGO and Exhibition of Handicraft Products etc. Manjusmita Dash, (2011), said that handicraft occupies a unique place in India but handicraft has not received as much attention as they deserve. The performance of institutional infrastructure for both financing & marketing of handicraft is far from satisfaction. It is largest employment generation sector after Agriculture, low per capita investment & highly involvement of women and weaker section people & produces the product which is eco-friendly.

Neha Nagori (2012), states that The Indian rural sector play very important role in the Economy. The production of Handicraft produce is maximum in the area which gave numerous varieties but due lack of technical and market knowledge, this sector is far away from the main competition. They have also lack of modern marketing knowledge like quality delivery, schedule, and packaging and after sales services etc. The marketing of the rural products through organized retail format is an important concept to explore the hidden market in the rural sectors. Blerim Kola (2012), states that the web marketing has a significant impact on the selling of the craft products. The marketing sectors invent new method to provide update information the different products in which web marketing is one of them, which help the customers about the products. If government helps, this industry to promote their products through this medium it should be a great help for the development of the successful web marketing programs.

## **II. CHALLENGES OF HANDICRAFT MARKETING**

### ***A. Lack of Brand Image***

The most important things which guide the customers are brand images of the products but handicraft products have their not any specific brand name because this is an unorganized industry and millions of artisans are engage in

the production of the handicraft products their own place. There is no any uniformity regarding brands of the products. So, it faces problems regarding the penetration of the markets among the different competitors.

### ***B. Low Prices***

The large industry has their own fix criteria regarding the pricing of the products but Handicraft products have no any fixed criteria regarding pricing and its pricing totally depend upon the bargaining of the customers.

### ***C. Credit Sales***

The manufactures of the handicraft sell their products on credits basis because the retailers avoid giving cash on delivery due to less demands in the markets. Then manufactures of the products due to lack of money could not provide the good quality product because they started lending money from money lenders at high interest, which adversely affect the production of the handicraft products.

### ***D. Products Quality***

Handicraft is the largest unorganized industry and the artisan of this industry spread from rural to urban area. The working condition of the artisans found to be different due to decreasing skilled workers, different environmental condition, and lack of availability of the recourse. So, it is very tough job to maintain the superior quality of the products, there is not a specific method to test the quality of the products and lack of evaluating equipment.

### ***E. Raw Material***

The availability of the good quality of the raw material is very important for good finished products through manufacturing process, but the handicraft industry is suffering from unavailability of the raw material due to decreasing The artisan of the generally use recycled raw material for the production process and due to this reasons the quality of the handicraft product not up to the marks.

### ***F. Foreign Exchanges***

The foreign exchange is one of the main constraints in the exporting of the handicraft products because the exporter gets small profits when the value of the rupees decreases in the international market.

### III. MAJOR MARKETING TECHNIQUE ADOPTED

Marketing is the specialized and dynamic area, which touches everyone's life. This is the medium which give information about the products. Marketing involved number of activities including Marketing research, products development, Packaging, pricing, advertising, branding, distribution, personnel selling & sales promotion. Marketing have several activities which designed to serve & satisfy the customer's needs profitably. The handicraft sectors is unorganized which run by individual with sole proprietary form of firm, can adversely affects the separate & well organized marketing system because the craftsmen spent most of their time in manufacturing of products and acquiring of raw material. They have very little knowledge about handicraft market related information. The artisans of handicraft industry should have information about the vital marketing function. The important marketing aspect discuss under the head of product, price, place and promotion.

#### A. Products

It is core element of marketing mix. A products is set of tangible & intangible attributes including price, packaging, colour, manufacturer prestige, retailers prestige & manufacturer and retailers services, which the buyers may accept as to satisfy their need and wants. Those firms which produce and marketed only one product are rare today. Most of the firm which produced different product which is made on the basis of customer preference, tactics of competitor's, firm cost structure etc. and it is products line which is a group of products related to the customers purchasing needs. Handicraft also produces different types of product which is based on the availability of the resource like financial, raw material and the demands of the products. Those products which have no demand in the market which should be roll back from the manufacturing process, which help to decrease the overburden on the firm. The design of the product should be according to the choice, test & preference of the customers.

#### B. Pricing

The price of the products is very important task for the firm & it is decided in the light of the production cost, competition & demand. In the ancient time, the prices had been set, by buyer & sellers negotiating with each other. The Seller would ask higher prices, for customer that they expected to pay but due to bargaining process they would arrive at an acceptance prices which was easily paid by the customers. But in the

present time, the firm already fixed the price of the products according to its production & additional cost. These sectors also suffer pricing related problems because the artisans have unable to estimate the exact cost of the products, it is totally depend upon the retailers & middlemen. There should be a need of fair pricing strategy which is feasible regarding customers point of view & artisan's, sales tax should be removed from this industry because the artisan could not get feasible wage according to its work.

#### C. Promotion

This is an important aspect of marketing through which seller communicate the information regarding products to the buyers. It helps to make the relation between consumers and buyers. Promotion-mix includes the personnel selling, advertising, publicity and packaging etc. The small scale industry has not capable to take part individually in the advertisement campaign, they needs to make co-operation and participate in the sales promotion and advertisement work.

#### D. Distribution

Distribution is process in which, it involved the transferring of goods from producer to final buyers and user are involve. It is the physical transferring of product such as transporting, storing goods, promotional and legal activities perform. It is a complex structure. The craftsman's are unable to sale their products to the final consumer, they sale to middleman, master craftsmen, dealers and co-operative society.

### IV. IMPLICATION OF RECESSION

With the collapse of the Lehman Brothers and other Wall Street icons, there was growing recession which affected the united state, Japan and the European Union. This recession raised due to large scale default in the united state housing market as the banks went on providing risky loan without adequate security and repaying capacity of the borrower. The basic cause of the crisis was largely an unregulated environment, mortgage lending sub-prime. The United state is the most affected country as compared to the other country and it is one of the main market for the handicraft industry for India.

The recession affect mainly two sectors of the Handicraft industry like Exporting and production of the handicraft products. There is tremendous decreasing in the exporting

and production of the handicraft because most of the country suffering from recession and they don't want to increase importing from other country. The European country is one of the major markets for the Indian handicraft industry which is also suffering from recession. The exporting of handicraft produce decrease nearly 37.80% as compare last year. The export in terms of money in 2007-08 was 17,536 thousand

crore but it decrease in 2008-09 and become 10,891 thousand crore due to recession. Due to decreasing in the exporting of handicraft it affected employment generation, foreign exchange and sifting of workers from other works. The recession also affect the production of handicraft products it decrease 31,940 thousand crore to 19,376 thousand crore rupees.

TABLE I PERFORMANCE OF HANDICRAFT SECTORS DURING THE YEARS. (RS. IN CRORES)

Item	2006-07	2007-08	2008-09	2009-10
(a.) Handicrafts production ( in crore)	38,660	31,940	19,576	20,221.5
(c) Handicraft Export ( Rs. crore)	20,963	17,536	10,891	11,224.27

This figure show that the export of the handicraft products from 1994 to 2012, which has increasing trends from 1994 to 2000, after that it show the up and down fall of handicraft export products, it has ample amount of apportunities in exporting of the products due to its uniqueness in the international market.

India exported their products in the different country of the world, in which America, Australia, UK, Canada, UAE, Italy, Germany and France etc. In this sectors the artisan face

different types of problem like unavailability of raw material at right time, less interest of artisan due to less money, the involvement of mediators, decreasing the expertise in this sectors, less interest of the young generation, some artisan work as a part timer in this field. These are the problem faced by the artisan which promotes them to move some other sector like daily wage works, agriculture, MNEREGA etc. Exports which accounted for 22% of the GDP are expected to fall by 12%.

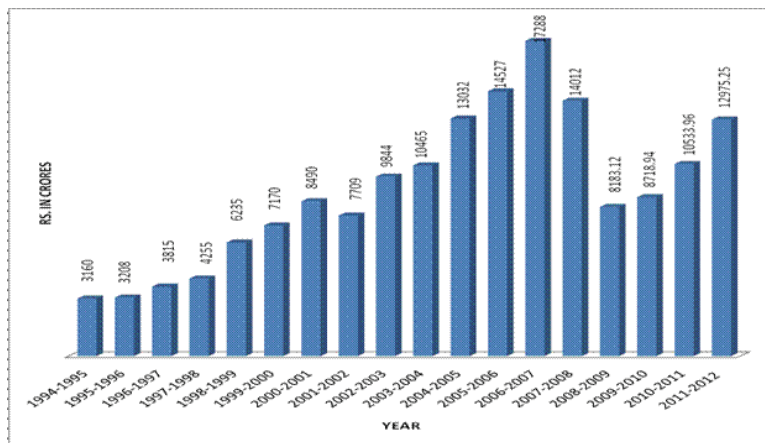


Fig.1 Export of the handicraft products from 1994 to 2012

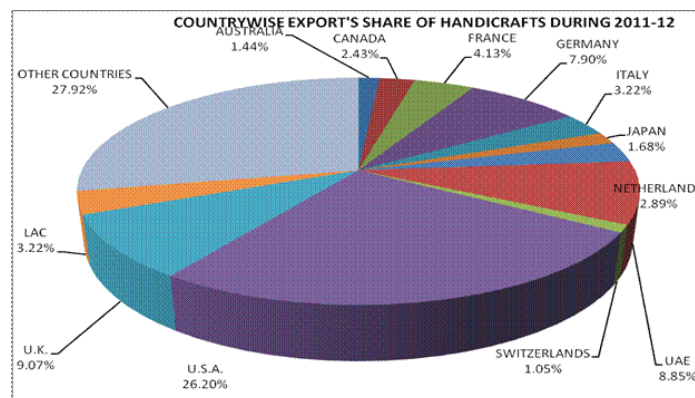


Fig.2 Countrywise export's share of handicrafts during 2011-12

The government's fiscal package provides an interest rate subsidy of two per cent on exports for the labor-intensive sectors such as textiles, handicrafts, leather, gems and jewellery, but the Federation of Indian Export Organization (FIEO) felt the measures are not enough as they will not make the exports price-competitive and, therefore, will not boost exports.

The export of handicrafts (other than hand knotted carpets) was merely Rs. 387.00 crores during the year of establishment of the Council i.e. 1986-87 rose to level of `12975.25 Crores in year 2011-12.

TABLE II COUNTRYWISE EXPORTS DATA OF HANDICRAFTS (EXCLUDING HAND KNOTTED CARPETS) FOR THE YEAR 2011-12

S. NO.	COUNTRY	` in Crores		Increase/ Decrease in % over 2010-11	US \$ in Millions		Increase/ Decrease in % over 2010-11
		2010-11	2011-12		2010-11	2011-12	
1	AUSTRALIA	146.11	187.25	28.16	31.92	39.05	22.34
2	CANADA	301.54	314.82	4.40	65.88	65.65	(-)0.35
3	FRANCE	468.99	536.48	14.39	102.47	111.87	9.17
4	GERMANY	947.35	1025.07	8.20	206.98	213.75	3.27
5	ITALY	361.77	417.43	15.39	79.04	87.05	10.13
6	JAPAN	243.76	218.04	(-)10.55	53.26	45.47	(-)14.63
7	NETHERLAND	305.11	374.35	22.69	66.66	78.06	17.10
8	UAE	633.57	1148.09	81.21	138.43	239.40	72.94
9	SWITZERLAND	148.94	136.11	(-) 8.61	32.54	28.38	(-)12.78
10	U.S.A.	3012.45	3398.98	12.83	658.18	708.77	7.69
11	U.K.	1123.32	1176.99	4.78	245.43	245.43	-
12	LAC	181.15	418.20	130.86	39.58	87.21	120.34
13	OTHER COUNTRIES	2659.90	3623.44	36.22	581.15	755.57	30.01
TOTAL		10533.96	12975.25	(+) 23.18	2301.52	2705.66	(+) 17.56

India plays important role in export of the handicraft products, during recession its export decline tremendously but after this, it again in the increasing phase. As it is evident from the figure there has been a continuous rise in the participation trend but unfortunately the recession cause the downfall. However, since 2009 the participation again shows increasing trends. India export their products in different country in which Australia, Canada, France, Germany, Italy, USA and UK are main market. This figure has shown the export trends of 2010-11 and 2011-12 and the export of handicraft products to Australia in the year 2010-11 has Rs. 146.11 crore which increase nearly 28.16 % and become Rs. 187.25 crores but in terms of dollars it measures nearly 31.92 million in 2010-11 which increase in the year 2011-12, becomes 39.05 million and overall increment nearly 22.34% from last year.

The difference between Rupees and Dollar in term of percentage due to the exchange rate fluctuation. The export of handicraft products for Canada has measured in context of Rupees for two year are 4.40% but in terms of the Dollars has -.35% due to exchanges rates. The export for the Japan and Switzerland has measured -10.55% & -8.61% in the terms

of Rupees and in dollars -14.63% & -12.78% in the years 2010-11 and 2011-12 which shows negative impact on the export of India. The exchange rate creates overall difference between Dollars and Rupees.

Indian Handicrafts & Gifts Fair which today had become a show window of Indian handicrafts among all the leading overseas buyers needs no introduction. The participation trend is symbolized the approaches of the different participant in the fair programs organized for the handicraft. The participant which take part in the fair programs in the increasing orders from years 1994 to 1998, decrease. 0.64% in 1999 and it again show the increasing trends up to 2005. The number of participant started decreasing from 2006 up to 2009, due to recessionary effects and the interest of the manufacturer again started increasing order.

## V. CONCLUSION

Marketing play very important role in the present scenario of the market because the firm intends to make their products more familiar among the customer, in term of moderate prices, design, style, looks etc. considering the changing of time, marketing pattern. The customers of the

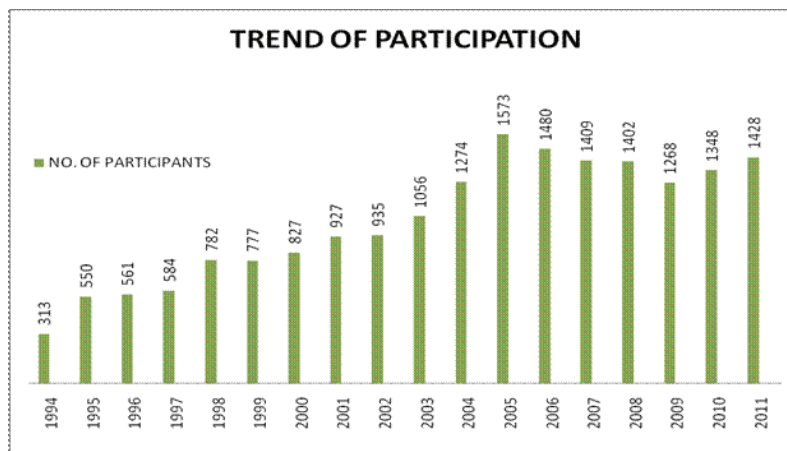


Fig.3 Trend of Participation

present time being more internet savvy, they want each and every type of information on a single click. According to the need and want of the customer, industry should provide the different ranges of the goods which help them to penetrate the market. There is need of advertisement of these products through banner, poster, electronic display, mela, exhibition, pamphlet etc. which really help to increase the sales of the products. Every industry needs a good strategic approach for its development and it needs equal importance of finance, production and marketing etc. If firms invest lots of money for the manufacturing of the products but it is not marketed well in the market among the customers and there will be a problem relating with selling of the products. So, marketing has a very important role in the market. Handicraft industry, suffering from this problem because handicraft is far away from the modern marketing approach. Marketing facilitates the customers about the products price, availability and features etc. which play a very important role in the decision-making process of the customers. Marketing needs to advertise the handicraft product in the national and international market because Indian handicraft is very famous regarding its uniqueness, variety, design, cultural importance and beauty etc. The handicraft is not completely explored there is a scope regarding availability of the customers, who get satisfied only after having a first-hand insight into the product through various trade fairs etc. There is a direct relation between the number of participants in fairs and the export of handicraft products because the export decreases according to the number of participants in the fairs. Government should take adequate steps to promote the artisans to exhibit their products and appraise them for pricing techniques, since foreign exchange fluctuations play a vital role to determine their actual earnings and turnover.

## REFERENCES

- [1] L. Brown, "Competitive Marketing Strategy, Nelson", Melbourne, 1997.
- [2] S.K. Hashmi, "Market for Indian Handicrafts" *Excel Journal of Engineering technology & Management Science*, Vol.1, No.1, 2012.
- [3] M. Anandarajan, Asokan, "Industrial Management & Data System" Intranet: A tool for cost control in a value chain framework, 2008.
- [4] M. Redzuan, "Journal of American Science" Path analysis model of the development of handicraft industries in Kelantan, Malaysia; Vol.6, No.1, 2010.
- [5] S. Bhattacharjee, "E-Business connecting Handicraft of Tripura to Globalization- An entrepreneurial opportunity" *Zenith International Journal of Business Economics & Management Research*, Vol.2 No.1, 2012
- [6] Mahapatra, Sanjay, "Problem Associated with artisan in Marketing of Handicraft in Orissa, India" *Management Review; An International Journal*; Vol.6, No.1, 2011.
- [7] Menon, Vanaja, "Art of Marketing Village crafts: Challenges in applying quantitative Marketing to resist Recession" *International Review of Business Research Paper*; Vol.6, PP.196-205, 2010.
- [8] A. Chatterjee, "Designing Handicraft using Information communication technology", *Indian Journal of Exports*.
- [9] Nagori Neha, "Marketing of rural Handicraft products through retail format: A Synthesis Review" *Annals of Management Research*, Vol.2 no.1, 2012.
- [10] A.T. Namin, "A Review on value creation in tourism industry" *Management science letters*; Sept, 2011.
- [11] C. Haksever, "A Model of Value Creation: Strategic view" *Journal of Business Ethics*, Vol.49, No.3, pp.291-305, 2004.
- [12] Dash Manjusmita, "Marketing of Orissa Handicrafts: A study on challenges and opportunities" *Excel International Journal of Multidisciplinary Management Studies*, Vol.1, issue 2, 2011.

- [13] Meena.M.L, "Impact of Ergonomic factors in Handicraft Industries" International conference of Mechanical, production and Automobile Engineering.
- [14] Shaw Michael, Subramanian. Chandrashekhar, "A study of the value chain & impact of B2B E-commerce: The case of web-Based procurement", *International Journal of Electronic Commerce*; Vol.6, No. 4 pp. 19-40, 2002.
- [15] L.C, "A Heritage to keep: The handicraft industry: 1955-85", *Economic and political weekly*, Vol. 21 No.20, pp 875-887, 1986.
- [16] Kathuria.Sanjay , "Handicrafts Export : An Indian Case Study", *Economic and Political Weekly*, Vol. 21, No. 40 , pp.1986.
- [17] Annual Report, Ministry of Textile, Government of India, 2001-2002.
- [18] Annual Report, Ministry of Textile, Government of India, 2008-2009.
- [19] Annual Report, Ministry of Textile, Government of India, 2009-2010.
- [20] Annual Report, Ministry of Textile, Government of India, 2010-2011.
- [21] Export promotion Council for Handicraft (EPCH).
- [22] Ministry of Handloom and Handicraft industry.
- [23] Planning commission of India.