

# Prospective of Handicrafts Development through ESG initiatives

## A Qualitative Analysis of Indian Domestic Market

Author 1

**Akanksha Choudhary**  
**Research Scholar, Department of Economics**  
**Manipal University Jaipur**  
**Mobile No: 8740860740**  
**Email Id: [akanksha14061996@gmail.com](mailto:akanksha14061996@gmail.com)**

Author 2

**Dr. Poonam Mishra**  
**Assistant Professor, Department of Economics**  
**Manipal University Jaipur**  
**Jaipur-Ajmer Express Highway, Dehmi Kalan, Near GVK Toll Plaza, Jaipur,**  
**Rajasthan 303007**  
**[poonam.mishra@jaipur.manipal.edu](mailto:poonam.mishra@jaipur.manipal.edu)**

### ABSTRACT

This is one of the kind research in the area of handicraft industry. One of the neglected industry of developing country. Worldwide the community of handicrafts artisans have been facing several issues. The artisanal community is now switching to minimal jobs for survival, indicating the huge need for change in policy designs and market associations. The small and medium businesses are the key assets for developing country like India, having conventional artforms that can employ more than half of the population, the labour-intensive industry, which can also eradicate poverty to some extent if managed properly. The requirement is to provide an innovative direction to this industry so that it can work equally for the environment, society, and economy. This current research is done to explore the potential of ESG as an innovative strategy to reinsulate the lost market of cultural crafts of India.

**Keywords:** sustainable development, handicrafts, ESG government policy, SDGs, etc.

### INTRODUCTION

Handicrafts holds a very important value in Indian heritage, it is one of the way of knowledge transfer through ancestral entity. These small-scale units are mostly rural based, working with limited resources, in backward and inaccessible locations. Originally handicrafts have been part-time activities for agricultural families but due to lack of investment, and land holdings,

people switched to art and crafts based on natural raw materials such as clay, leaves, bark, etc. which are now very much vital for being an environment-friendly alternative. The varied Indian handicrafts including quilts, carpets, pottery, garments, and jewellery are being loved in the world since decades. However, there is a huge gap between the domestic demand for handicrafts and the international demand of handicrafts. Likewise, the world is influenced by classic handmade objects and authentic artifacts, Indian consumers are influenced by western thoughts and fashion sense. This, difference in thinking and perception plays a vital role in assessing the local/domestic demand for handicrafts in Indian markets (Datta & Bhattacharyya, 2016). For instance, furniture shopping in most of the metropolitan cities of India is likely to be flooded with supermarkets or Ikea outlets rather than choosing some handmade vintage collections from small shops available in the city or semi-urban markets.

Handicrafts has huge potential for a sustainable future (Kapur & Mittar, 2014). Thus, the concept of applying ESG, holds potential in the industry as these are most environmental and social asset a country could hold. The amalgamation of governance in right manner can make huge impact. Currently, the handicraft sector contributes to economic growth and international earnings, however, the sector faces a lot of challenges on a domestic level. Moreover, the lacking education, capital investment, and poor technological know-how adds up to create losses on the account of producers (Chaudhauri et al., 2018; Murray et al., 2011; Shaikh, 2020).

Handicrafts have been brutally neglected throughout the market spaces resulting an increase in the unemployment, due to people switching their year-old businesses as a result of lack of demand and business instability (Upadhyay & Jain, 2019). The problems of the handicrafts sector are going to increase with the passing years, as after the pandemic, handicrafts market has lost ample potential customers. The ratio of tourist buyers for handicrafts has been accounted to be more compared to the locals, and residents of a tourist destination (Majeed, 2018). Thus, several artisans must switch their ancestral businesses to do minimal jobs for a comparatively stable livelihood.

The handicraft sector is recognized as an important pillar of sustainable economic development by offering employment opportunities, social equality, economic growth, and environmental sustainability (United Nations industrial development organization 2005, United Nations conference on trade and development 2008). (Bhat & Yadav, 2016) On the other hand, it has been seen that over the last 2 decades several traditional handicrafts worldwide have either disappeared or are in the shape of extinction, research has found the challenges and recommended that necessary measures be taken by government and stakeholders on the behalf of the industry. Even after inducing supply-side incentives at the inception of the managerial framework, supply chain dynamics are required to be planned out in theory as well as in practice (Sharma Hitesh et al., 2017).

The review of literature reveals that the theoretical background of handicrafts is interdisciplinary. (Yang et al., 2018) says handicrafts have been seen as a consumer product for decades. However, research in the last seven years has integrated handicrafts with design thinking and tourism research as well, not to mention handicrafts are tourist products. The area of sustainable tourism, including cultural, responsible, rural, and experiential tourism, etc has been a part of research from remote perspectives. (AIACA, 2017) studied tourism by considering the cultural crafts as a base for the theoretical research. Whereas policy researchers show their interest in the exporter side of the handicrafts market that earns foreign exchange. While the domestic market of handicrafts is now laid in the hands of tourism which has no managerial or centralized system to run.

(Kumar & Rajeev, 2019) Most of the handloom and handicraft organizations in the Textile Sector are categorized under the Micro, Small, and Medium Enterprises (MSME) category. Government and research agencies suggest that the MSME sector contributes significantly to overall employment generation. Therefore, the sustainability of the MSME sector is a cause of great concern for India a developing nation. (Kapur & Mittar, 2014) says Policy and budgeting for MSMEs and SMEs is being jabbed in the economy every year, yet prolonged sustainability remains a topic of great concern. (Miller et al., 1986) The increasing population exerts pressure on the vicious circle of poverty. This economic concept of the vicious circle explains not only poverty but unemployment as well. (Bertacchini & Segre, 2015) The handicrafts sector is suffering due to no permanent income for those who are willing to create a future for these art forms.

(Liebl & Roy, 2003) found that the global market is witnessing high demand for handicrafts compared to the Indian domestic market because of globalization. Thus, economic growth is rising due to foreign demand, but the domestic market is facing jeopardy in the related context. This has all in all shifted the consumer pattern from traditional to modern designs. The taste and preferences of the consumer have adversely been affected by western culture and fashion trends. (Akil et al., 2022; Pourmoradian et al., 2021; Wondirad et al., 2022) Handicrafts have long been constrained due to a lot of problems. Their disseminated inception and generally poor level of education, and lack of information accessibility have created a host of falsifications. These are the huge challenges that are also responsible for the stagnant domestic development of handicrafts. These problems hold down returns to craftsmanship and restrict access to means of value-addition like skill-training, skill-upgradation, innovative design, and technical advancement. “Administrative inefficiency, corruption, and the play of mafia and cartels, (Suguna et al., 2022) further raise the costs of transactions in these markets, for artisans, traders, tourists, and importers”. (Grobar, 2019) The problem these industries face is not one of universal unqualified obsolescence in the face of competition from mechanized industries, rather, to survive, old skills need research, targeted to attract new buyers and to induce demand.

(Grobar, 2019) Rising studies in sustainable tourism efforts to reroute handicrafts fate by addressing it as one of the tourist products. (Choudhary & Mishra, 2022) Integrated the

cultural heritage of intangible artforms, by redirecting the demand certainly in a more acute framework such as responsible tourism or experiential tourism, for theory building motive. But the study highlights the limitation of research with available empirical evidences. (Oyekunle & Sirayi, 2018) used the concept of design thinking in handicrafts with modern fashion and compilation of contemporary arts etc, this will encourage the domestic market from the consumer point of view. (Rajalakshmi & Mary, 2020) talks about the strategic marketing of destination specialty will take time to develop and needs research according to the developing pace of the country. Sustainable development in the tourism industry also requires the willingness of tour stakeholders, the hospitality industry, and community-based support.

### ***RESEARCH GAP***

The available literature points out several aspects of handicrafts and outlines the problems theoretically as well as practically. While the major problem of the market is lacking managerial system & strategic framework as per the need of consumer preferences. The gap exists in the lack of scrutiny among the consumer-oriented research and market framework. There are many assessment which have given solutions that can revive the industry and the market forces. To highlight such remedial measures this research holds value chain-based solution for domestic handicrafts in India.

### **RESEARCH METHODOLOGY**

In this study the qualitative method is used the design of the study is determined based on interview method of data collection, collected through artisan of handicraft sector. these respondents either work as full-time manufacturers or owns small business as artisans of cultural and community crafts since decades. With the help of open-ended questions, researchers were able to identify the value chain of handicraft sector that includes domestic as well as international export earnings of small-scale handicraft workers.

### **PROBLEMS FACED BY HANDICRAFTS IN INDIA**

With the inception of 75 years of independence the evolution of the Indian market can be seen persuaded through a series of influence, developmental growth, and economic profits. The history witnesses use of handmade products as an essential part of the freedom fight. The use of locally made, reflected the self-sufficiency of Indians at that time. Popularizing the use of khadi and the abolition of machine-made products witnessed the Indian fight for independence. This outlines the irony of using synthetic fiber instead of khadi cloth to make Indian flags, in the celebration of 75<sup>th</sup> Independence Day. More than 20 billion flags have been made and sold in India which were non-khadi, to support Indian craftsmen these handmade flags have created history but on the other hand, the identity of the khadi usage has been jeopardized. This is the same as what handicrafts in India have been facing for the last few decades. Overthrowing the authenticity of Indian art and design with the amalgamation of modern tech-friendly fashion, replacing the fiber, and utilizing aesthetic designs to keep

handmade alive but not in its actual form. The artisans of handicrafts always have created promising artifacts but now mere copying the soul of craft designs multinational, profit houses are stealing away the market and creating a big pothole for handicrafts to dive into oblivion. This is keeping the trend of ethnic art intact but does not benefit the one who deserves it.

The knack for creating a duplicate in the name of designing is taking away the sway of heritage that India tends to outshine in the world, think about the unique designs of Indian artisans that have been abducted by big house designers.

This is swerving in the textile and hand-woven fabric and saris, etc. India's signature assortment of weaves has faced a lot lately. It is the inspiration of the weaver's cultural spirit, thanks to a few hundreds of weavers in every State, their steely nerve to anchor themselves to their ancestral legacy has perpetuated the heritage of Indian culture. Over the centuries, it is India's credit for tackling every hurdle to survival, whether during British colonial rule or with the advent of the power loom. But now with the over hurdling of copied products, cheap availability and mass production has taken away the market of handloom and handicrafts. It is thus, losing the spirit of regular use items to occasional purchases.

## **MONOPOLY VERSUS PERFECT COMPETITION**

The consumer population in India shows an inclining preference for machine-made products. Factory-made products have the advantage of consistent quality, whereas this lacks in general handcrafted textile, on the brighter side handlooms create wonders in the shape of clothes and cottage-based products. Large companies have ample budgets for market research, product development, and advertising, which allow them to keep in tune with consumer needs. While artisans or handicrafts sellers are failing to invest in research and development. machine-made products are usually low-priced handmade products due to various reasons such as economies of scale, cost of credit, access to infrastructure, costs of marketing, and retailing. Craft marketing programs also delved deep into small but profitable export markets and as a result, had few resources to build a sustainable domestic market. Additionally, with a steady decline in consumption of traditional products, such as the handloom sari, handcrafted furniture, handicrafts as kitchenware, handicrafts as utilitarians, etc. we have an overall pessimistic picture of the domestic handicrafts market.

However, there is a new urban demand for articles of everyday use that use old artisanship, such as hand-printing and embroidery. The rising demand is less but sufficient to replenish the kingdom of Indian art and crafts. In some cases, fashion designers, and start-ups have adapted and enhanced old artistry to meet this new demand using the artisans as primary producers. Such efforts are often commercially successful. All this points to a rapidly changing buyer profile in the domestic market. In the past, buyers were wealthy patrons (especially for quality products) or simple villagers (for everyday items) who lived where the goods were made. Products made were directly absorbed by the villagers, elite residents, and visitors. However, today, middle-class shoppers have more flexible lifestyles and preferences.

They usually live in cities and have different needs when it comes to modern upholstery, clothing, and household items. This major shift in consumption and consumer profiles does not effectively align Indian handicraft consumption with global consumption. It is hurting some handicraft businesses. For example, stone cutting, and wood carving have not disappeared, but one of their main uses, traditional architecture, has all but disappeared. And it is just a matter of time before it will completely vaporize from the cultural ground due to artisans turning off their artistry for mere livelihood. In Rajasthan, however, government-aided projects are working on the development of 'heritage tourism' which means restructuring historic buildings to give them a new shape. This step has provided renewed patronage for the cultural embodiment, which incorporates pseudo-traditional carvings. Creative owners and architects have also researched the idea of adapting traditional-style wall carvings, and architectural elements (doors and windows) to new and modern buildings to relive the culturally significant era from ancient times.

In the apparel industry, the demand for handwoven fringed sarees is declining for everyday wear, while the use of hand-blocked patterns on sewn women's dresses is increasing. More subtle shifts in taste are evident, especially regarding design. Many buyers are looking for new motifs, new colours, and simpler designs. Block print designs go in and out of fashion just like any other apparel product. This process of changing tastes is universal and happening increasingly in all craft markets. Craftsmen and merchants around the world are experimenting in this direction. However, experimentation by artisans themselves rarely leads to commercial success. They are usually the work of poor artisans which is framed and sold at a price that is enjoyed by retailers and intermediaries. For example, traditional footwear is made with a plastic upper to make it "modern". Alternatively, television showcases are designed in a traditional antique style in the mistaken belief that they will appeal to the discerning urban shopper. On the other hand, the new challenge is to design new products/appearances and to retail these goods for export, foreign tourists, or India's elite market. This is to a large number of people with no cultural or family ties to the crafts. In most cases, there are no barriers to entry to trade, which is worsening the competition against local crafts, for instance, available Chinese manufactured goods, pottery, and cutlery against Indian-originated goods which are not even available at city plazas or supermarkets.

## **CONCLUSION**

As economics prevails, handicrafts in the country should be the monopolistic market managed by artisans as they are the primary producers. The business of handicrafts is more exploitative to these primary producers on account of income generation, inequality, job environment, and sustainable livelihood. India's manufacturing industry still fights to uphold the organizational framework in the case of the handicrafts sector, the exploitation of the name of middlemen income, retailers' income, etc are overall jeopardizing the primary income of artisans. Ironically, the flag bearers of heritage and cultural art forms are forced to live under the poverty line due to a lack of cognizance and market management. The entire product market is playing under perfect competition as the international imports from cheaply available products can run on the same level as the ones manufactured in the country. Therefore, the need to mind these resources is of utmost importance. Safeguard the cultural

heritage and keep a sustainable livelihood for artisans, poverty eradication, etc. as said by the sustainable development goals.

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