

# Marketing Support and Services Schemes for Indian Handicraft

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## Abstract

India has a rich handicrafts culture where each state is known for its variety of craft traditions. Irrespective of its folkloric uniqueness, different languages, various cultures, and natural resources, India has a diverse tradition of handicrafts and art works. There is a diversity of ethnic handicrafts ranging from north to south and east to west. There are varieties of handicrafts made of wood, marble, textile, and other things representing relevance to each state. Some of the artistries were born out of necessity, while others happened solely out of man's innate fascination towards crafts.

Indian handicraft industry has a huge untapped potential for marketing in both domestic & international market. There is a need to increase the popularity of handicrafts both in domestic & international markets. Artisans do not get enough opportunities to access the domestic/international high-end markets, as they are generally poor, illiterate and mainly come from remote or rural areas. It is necessary to facilitate their access to various markets and marketing channels, through marketing support and services schemes.

This research paper attempts to highlight marketing support and services schemes for Indian handicrafts and the challenges towards the implementation of these schemes. This paper would be of great importance to the marketers of Indian handicrafts and also to the artisans who would be benefited through it. The data are collected from the secondary sources. Before concluding the paper, the role of the government will also be discussed in the promotion of handicraft and protection of interest of artisans.

**Keywords:** Handicrafts, Marketing, Promotion, Artisans, Development

## Introduction

The small households in the unorganised sector in India majorly carry out handicraft with great endeavour. Generally artisans are practicing handicrafts activity together with their family members at their home; also employ other artisans if required. It is known worldwide that India is an agriculture-based country. After agriculture, handicraft is second largest as it has great potential for rural employment.

Over the years, the handicraft industry has supported considerably to the employment generation and foreign earnings for India. India's each state has its one or more crafts and enjoys tremendous popularity in domestic and foreign market. Only a fraction of opportunity is being utilised despite such huge popularity. The main reasons for this are limited access to the market and lack of product promotion. For that reason, a dotting endeavour is required to cater to the demand potential of Indian handicrafts both in local and international markets.

## History of Indian Handicraft Sector

In 1970's the Indian Government concentrated on preservation of traditional handicrafts by showing concerns in skill improvement and welfare schemes for the artisans. In the 1980s and 1990s the Government aimed to serve the untapped potential of export market. To improve the socio-economic conditions of artisans it was necessary to facilitate employment opportunities and promotion of market. Training of artisans was undertaken through extensive training programmes. Awareness of various schemes and services were circulated to the artisan

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community about the market, product, credit facility, raw materials, etc.

Later in the next phase of development, facilitation of exports was the prime focus of the Indian Government. Carpet Export Promotion Council and Export Promotion Council of Handicrafts were two Export Promotion Councils set up in 1984 and 1986 respectively to augment exports from the country.

Initially, in international exhibitions a group of individual exporters took part at a considerable cost. But small and emerging exporters were not able to do so who comprised a vast majority. In order to handle these issues Government incorporated the International Carpet Fair at Varanasi & Indian Handicrafts & Gifts Fair at New Delhi in 1989 and 1994 respectively to provide operational assistance & financial support. These fairs attracted the foreign buyers from across the globe. Such fairs provided platform to the small producers and exporters to reach the global customers.

### The Challenge of Handicraft Sector

Before independence, the machine made foreign products were intentionally promoted by the British authorities in Indian markets. After independence, the Government started to encourage the small scale and cottage industries to revive the handicraft Sector. Customer wanted the handicraft products to be cheaper, but of great artistic value. So, artisans ignored the quality of product to go for more profit.

Indian handicrafts are popular in global market, but the artisans are not getting benefits of increasing demand of handicrafts in foreign market, as they are dependent on middlemen for selling their products. The government's initiative of formation of cooperatives has not become much successful. Generally artisans have no formal education. They don't know their rights as artisans. Therefore, they are forced to work in exploitative work conditions. The popularity of Chinese products is a big threat for Indian Handicrafts. The traditional crafts lag behind in international market in terms of quality and attractive packaging. Abraham (1964) once said that art is as important as science, philosophy or ethics. It represents the society through the individual.

Rao (1990), in his book "Marketing of Handicrafts", observed "handicrafts offer solution to India, which is

characterised by unemployment and foreign exchange crunch". Channel agents, such as middlemen, retailer or distributor earn significant profit almost wholly at the cost of the craftsmen as customers are prepared to pay the price, which may be far in excess of the standard price of the product once they like the product (Dash, 2011).

### Problems Associated with Indian Handicraft Industry

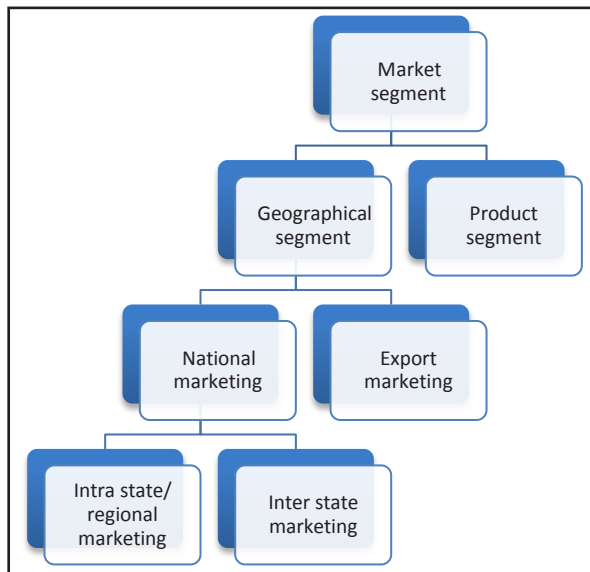
As per the study titled "Indian Handicraft Industry: Problems and Strategies" a frame of 78 handicraft exporters was surveyed and interviewed in order to assess and find the major problems associated with the Indian handicraft industry by (Ghouse, 2012). After analysing the data of survey, the major problems associated with the Indian handicraft industry were:

- Licensing problems
- Low/no demand
- High cost of raw materials
- Lack of access to raw materials
- Obsolete tools & equipment
- Lack of access to export credit
- High cost of credit
- Scarcity of skilled labour
- Labour regulations
- High excise
- Poor infrastructure
- Policy uncertainty
- Local transportation (up to port)
- Shipping problems
- Air freight problems
- Duty drawback reimbursement
- Low subsidy
- Income tax
- Internet connectivity
- Market awareness

The major problems arising in implementing development scheme are lack of proper knowledge on handicraft units and number of artisans (Vats, 2014).

## Market Segment of Indian Handicraft

Dash (2011), in her study, described the market segment for handicraft as shown in Fig. 1. In geographical segment the national marketing deals with the marketing of product within the country and export marketing deals with the marketing of products across the borders to various other countries. The major products of Indian handicraft are metal wares, wooden crafts, handmade jewelries, hand weaved textile, bamboo furniture, lace work and embroidery, alabaster drafted stone, pottery/earthenware products, and miscellaneous crafts. Intra-state or regional marketing is the marketing of product in the same region or the same state in which they are made whereas the intra state marketing is the marketing of products over long distance i.e. in the various other state in the country.



**Fig. 1: Market Segment for Handicraft**

Source: Marketing of Orissa Handicrafts: A study on challenges and opportunities

## Objectives of the Study

- To explore the prevalent marketing and promotional schemes for the Indian handicraft.
- To find ways for the betterment of the Indian handicraft industry.

## Literature Review

Prjapati and Layila (1981) recommended to compile market information to solve market problems arise due to diverse marketing in craft industry.

Thaimani (1987) observed that the generally artisans are not aware of market trends and therefore unable to put their products in urban market and to fetch the correct price for the product.

Dak (1989) identified the major reasons for the failure of village crafts that include poor designs, low quality materials, and inefficient market approaches along with exploitation by machine made urban craft units leads to lockouts of village crafts from global markets.

Reardon, Stamoulis, Cruz, Balisacan, Berdegue, and Banks (1998) suggested that the effective marketing and finance are two major functions for success of rural industries. A common cause of failure of some entrepreneurs is too much production orientation. Everything that is crucial to lead the market is involved in marketing.

(W. I. Smith, 2004) Concluded that rural enterprise should be preserved not just economically but socially and culturally also. Policy measures should be taken for enterprise growth in rural areas. The major finding of research was that women not only started the enterprise but also made it work without any formal support.

Smit and Jackson (2004) concluded that rural enterprise should be preserved not just economically but socially and culturally also. Policy measures should be taken for enterprise growth in rural areas. The major findings of research include that “non-farm but on-farm” enterprises are not only started by women but also run by women; without any formal support.

Kashyap and Raut (2006) identified that craftsmen lack knowledge about the local market trend, dynamics, channel, price fluctuation, and other value addition factors.

Giron, Paz La Hernandez, Luisa, Castaneda, and Cesar (2007) emphasized that in Mexican city marketing strategies are proved to be the key factor for the success of rural artisans because it is related to the other element of success. First is the use of pricing strategies that are focused to profits. The second strategy is personal recommendation strategy for promotion of products. The third strategy is to diversify the product and the fourth strategy is to generate curiosity so that customer seeks information about the product from artisans.

Menon (2010) identified that the application of quantitative marketing methods is getting popular across the world.

Marketing of handicraft is very important aspect as it provides all types of information about the products, from which we can get feedback about the quality of the products.

Dash (2011) highlighted that handicraft industry is largest employment generation sector after agriculture that requires low per capita investment & highly involvement of women and weaker section people & produces the product, which is eco-friendly. Therefore, a modern marketing approach like Internet marketing is needed because it helps to cover huge amount of population on a single click.

According to Nagori (2012), the Indian rural sector plays a very important role in the economy. The production of handicraft items are majorly in the rural area, with numerous varieties, but due to lack of technical and market knowledge, this sector is far away from the main competition. Artisans generally lack in web marketing knowledge like attractive packaging, quality control, and to satisfy customers through after sales services etc. The increase of Internet users in the rural area helps in marketing of the rural products through organised retail format to explore the hidden market in the rural sectors.

Blerim (2012) laid main emphasis on web marketing as it has a tremendous impact on the selling of the handicrafts. The web marketing is one of the new methods to provide update information about the products, which help the customers. It would be a great help for the development of the successful web marketing programmes to promote their handicrafts through this medium if government helps this industry.

Dilip and Rajeev(2013)suggested that there is need of advertisement of the handicraft products through old medium of marketing which certainly create extra burden to the firm like banner, poster, electronic display, meal, exhibition, pamphlets etc. along with the internet marketing which is one of the easiest and cheapest way of marketing in the present time of marketing.

Vats (2014) said that in globalisation era, the demand for ethnic and culture-specific handicrafts are growing due to tourism.

Khan and Amir(2013)suggested that craft up gradation and repositioning can be done procedure and norms related to design, market, technology, innovation and quality of life so that product designs, technology and

marketing become integral part of the and repositioning process.

A support is required to the rural artisans in the era of global marketing. This will help them to survive and compete in the global market.

## Schemes of Handicrafts

In 1952 the Government of India set-up All India Handicrafts Board with a view to provide employment to the artisans. The handicraft sector has potential to provide employment to the artisans and other concerned parties of handicraft sector. For promotion of the sector Government has mandated the role of respective State Governments. However, the Office of the Development Commissioner (Handicrafts)also plays a significant role to support state's activities in the handicrafts sector with the help to central government. The Office of the Development Commissioner guides for development and exports of handicrafts and supports the state government in planning and executing development schemes for handicrafts.

## Babasahib Ambedkar Hastshilp Vikas Yojana

### Objectives

The scheme is designed to promote Indian handicrafts. In this scheme artisans' clusters are developed into professionally handled and independent community enterprises. It demands effective member participation and mutual cooperation. The major components in this scheme are *social interventions, technological interventions, marketing interventions and financial interventions*.

### Eligibility

All the organisations that are registered for sustainable development of Handicrafts sector are eligible for financial assistance under this scheme.

### Problems Identified

With the help of social, technical, technological, marketing and financial component the major issues identified in this schemes are lack of self-sufficiency, leadership quality, marketing constraints, lack of advanced designing skill,

middle man's intervention, inadequate raw materials, tools, machinery and equipment, etc.

## Bima Yojana for Handicrafts Artisans

### Objectives

“Bima Yojana” is in operation since 2003-04 providing life insurance coverage to artisans. With the help of Life Insurance Corporation the Bima yojana is being implemented for male as well as female artisans. The scheme is applicable to all the artisans in age group of 18 to 60 years.

### Components

**Janshree Bima Yojana:** Under the “Janshree Bima Yojana” the total premium amount is Rs. 200 per beneficiary per annum. The premium amount is to be shared by the Ministry (Rs.60), the LIC (Rs.100) and the remaining amount is to be contributed by the handicraft artisans (Rs.40). In addition to covering risk for death (Rs.20, 000 for natural death, Rs. 50,000 for accidental death) & disability (Rs. 25, 000), the coverage includes educational assistance at the rate of Rs. 300 quarterly per child for maximum of two children of the artisans for secondary school education that include standard IX to XII.

**Add-on Group Insurance Scheme:** In this scheme the total premium of Rs. 180 per annum is to be equally shared by the artisans and the Government of India. This component enhanced coverage for death (Rs. 50,000 for accidental death) & disability (partial- Rs. 25,000 & permanent-Rs. 50,000/-).

### Eligibility

This scheme is applicable to all the artisans be it male or female in the age group of 18-60 years.

### Problems Identified

The issues associated with Bima Yojana for Handicrafts artisans are lack of self-sufficiency and awareness. The scheme is eligible to 18-60 years age bar. This scheme doesn't count the teenage artisans of below 16 years, which contribute a large artisan's population.

## Credit Guarantee Scheme

### Objectives

The scheme is focused to enhance the capacity building of artisans and NGO to meet the administrative expenditure of Carpet Weaving Training Centre in J&K and 23 cane & bamboo departmentally run training centers. This scheme solves the problem of third party guarantee. The scheme provides credit guarantee cover of up to 75% of the credit facility. The credit facility is provided subject to maximum of Rs. 18.75 lakhs for the loan up to Rs. 25 lakhs.

### Components

- Conducting training workshops.
- Providing financial assistance for capacity building.
- Organising awareness programmes and seminars for artisans.
- Field visits or study tours in India and abroad are encouraged by providing expenditure cost in light of enabling them to learn and adopt the best practices for development of Indian handicraft.

### Eligibility

Whosoever that are actively involved in manufacturing activities in handicraft sector, be it artisans, manufacturers or producers are covered under the Credit Guarantee Scheme.

### Problems Identified

The scheme is well-designed for enhancing the capacity building of artisans, but a lot more is required for increasing the awareness of this scheme to the respective parties.

## Research & Development

### Objectives

The research and development scheme is designed to have a regular feedback system that caters economic, cultural, promotional social, and aesthetic values.

### Components

The components include:

- Study of extinct crafts.

- Resolving the issues of raw material, product design and latest technology, etc.
- Living and working conditions of artisans.
- Market evaluation of crafts in domestic or overseas markets.
- Special focus on Scheduled castes and Scheduled Tribes artisans.
- Financial assistance.
- Any issues relating to handicrafts sector.

### Eligibility

The scheme will be applicable to any organisation that are registered under any of the statutory acts (Companies Act 1956, Societies Registration Act 1860, Cooperative Act etc.) and any organisation that are registered with any bodies like DCSSI, Office of the Development Commissioner (Handicrafts), etc. or universities and recognised research institutions.

### Problems Identified

Generally, research and development assistance is provided if he/she is an eminent scholar or a person associated with promotion of handicrafts for a said period.

### Export Promotion

The Export Promotion scheme was initially designed to export majorly hand knotted carpets and floor covering handicrafts from India. The scheme also helps to identify product demand and market trend of Indian handicrafts in foreign market.

### Components

- Product development
- Publicity and marketing
- Social and other welfare measures

### Eligibility

All the organisations that are registered for sustainable development of handicrafts sector are eligible for financial assistance under this scheme.

### Problems Identified

The Indian handicraft can be under-valued in spite of great demand in foreign market.

## Design & Technology Up gradation

### Objectives

Design & Technology Up gradation scheme aims at:

- To upgrade artisans skills.
- To improve and diversify products.
- To develop new design of prototypes.
- To supply improved/modern equipment to the craft persons.
- To revive crafts to preserve the traditional heritage.
- To preserve of traditional art & crafts of high aesthetic value, etc.

### Components

- Financial assistance to institutes like MHSC, IICT, NCDPD etc.
- Activities of RDTDCs. - DTC in Carpets in J & K and cane & bamboo in the country.
- Financial assistance to Shilp Guru (Heritage Masters).
- Financial assistance for training under Guru Shishya Parampara.
- Financial assistance for training the trainer.
- Financial assistance for modern improved tools.
- Assistance for design & technology development project.
- Assistance for integrated design & technology development project.
- Preservation and revival of old and rare handicrafts.
- Provision of national award for contributing in handicraft sector.
- Financial assistance for institutions to be set-up under the state initiatives.
- Financial assistance for setting up of museum or for already existing museum.

### Eligibility

All the organisations that are registered for sustainable development of handicrafts sector are eligible for financial assistance under this scheme. This scheme is also applicable to renowned designers, Shilp Gurus,

master artisans, technologist, national awardees, and experts having experience in handicrafts.

### Problems Identified

The scheme supports both masters and trainer but they are not aware of it. Awareness and promotion should be increased among artisans.

## Marketing Support & Services

### Objectives

The main objectives of this scheme are:

- To popularise and publicise handicrafts sector.
- To enable the artisans to have permanent sales outlets for their products.
- To provide services in the form of entrepreneurship development programme etc.
- To create awareness of Indian handicrafts among the masses by organising a number of marketing events in big and small cities.
- To provide financial assistance to state handicrafts development corporations, apex cooperatives, and prominent NGOs for opening new emporia at suitable places.

### Components

- Organising marketing events like National Handicrafts Expo, Crafts Bazaars, and exhibitions.
- Providing marketing infrastructure through Haats.
- Setting up of Craft Development Centers.
- Providing marketing services by organising marketing workshops at national/state/local levels.
- Create awareness about the importance of handicrafts through publicity.

### Eligibility

All the organisations that are registered for sustainable development of handicraft sector are eligible for financial assistance under this scheme.

### Problems Identified

For promotion and publicity of handicraft sector marketing is a dominant factor. But illiteracy of artisans is a major

hurdle in unsuccessful attempt of marketing support & services scheme.

Apart from the above schemes, the corporate houses are also taking special interest in promotion and development of handicrafts. There are number of CSR activities carried out by famous corporate houses especially for women artisans to empower women.

## Discussions on Schemes

The schemes of the Office of Development Commissioner (Handicrafts), Government of India as discussed above are aimed to promote the Indian handicrafts in local and global market. The schemes are designed to provide financial assistance, marketing support and services, research and development assistance, export promotion, life insurance protection to handicraft artisans, etc. Apart from above schemes the Indian Government is encouraging handicraft through “Make in India” campaign. E-commerce is also encouraging artisans by providing marketing assistance. Few e-commerce websites like Snapdeal, Limeroad etc. are providing platforms to local and regional artisans and weavers to sell their products to local and international customers.

Market situation demands to act according to market trend to improve the Indian handicraft sector and to make the sector more competitive. Handicraft sector calls for customer-oriented market. Customer-oriented means to understand the customer needs and wants before satisfying them. Two key decisions are majorly required in the marketing for handicraft:

- To identify which customers it will serve i.e. segmentation and targeting.
- To know how it will create a value for them i.e. differentiation and positioning.

To deliver the intended value to targeted consumers, the handicraft sector should design a marketing programme – the four Ps - includes product (quality of the product, design of the product, brand value, attributes of the product and packaging etc.), price (basic price, discounts etc.), promotion (advertisement, door-to-door selling, sales promotion and public relation etc.), and distribution/place (channels, sales territory, inbound and outbound logistics, inventory management and transportation etc.) to market the handicraft products effectively.

Some points on critiquing these policies should also be written I think.

## Suggestions

- The marketing network of Indian handicraft should be organised.
- Copyright or design registration of handicraft should be done.
- Use bar code technique for uniform pricing policy.
- Government and NGOs should inculcate the awareness of marketing and other schemes for artisans.
- Research and development should be done on designs and methodology of handicrafts.
- Publicity of handicraft required within or outside the country.
- The more visible the handicrafts are, the more publicity it gets. The local or regional handicrafts should be displayed in retail outlets of airports, railway stations, bus stands, commercial centers etc. This will attract the attention of foreign customers towards the local Handicrafts.

## Conclusion

In Indian handicraft sector the importance of marketing have been acknowledged as it contributes in the growth and development of handicraft sector. In order to cater to the continuous changing demand of the export market, it is necessary to improve the methodology and the system and also to create awareness amongst the export promotion organisations / exporters to handle the emerging problems timely and effectively.

For popularizing handicraft following steps should be encouraged:

- Role of middleman should be ignored between buyer and seller.
- Promote handicrafts in domestic as well as international market.
- Artisans should work on new designs.
- Awareness should be encouraged about the importance of handicrafts to the customers as well as artisans.
- Artisans should incorporate with marketing skills, customization of products, linking with Make in India, produce zero defect zero effect products.

- Artisans or Weavers should be provided modern techniques/machines.
- Handicrafts can be boosted by fashion industry and e-tailing etc.

Government should help artisans by the following prospective methods:

- Help artisans to open their outlets.
- Provide support for exhibitions and trade fairs.
- Provide relaxation on duties and taxes to artisans.
- Should encourage selling of handloom products at all textile outlets.
- Make regulations of using handmade textiles in uniforms and officials decor.

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