

Title-Assessing the role of Government of India Initiative on Promotion of Indian Handicrafts Sector

Rakesh Kumar

Senior Research Fellow

Email id- rakesh.jrflko@gmail.com, Mo- +919795597691

Department of Business Administration,

University of Lucknow, Lucknow

Abstract-

Indian handicrafts is an art of making crafts by hand in India is called Indian handicrafts, in ancient India people lived in colonies called tribal and they were used to make utility items for their daily need, that art of making the crafts called handicrafts, and the items called handicrafts goods. At earlier stage, Indian-handicrafts had been used as utility items to fulfill their need but now these products have become the creation of Art and are used for decorations. Time has been passed and people have become more developed and civilized in all aspects, those who were making handicraft products have started trading their makings by increasing demand and population. The government also supported them through launching of scheme. The state government of Uttar Pradesh has invited suggestions from craftsmen across the state for the formulation of the policy to improve the lives of artisans and conserve the handicraft industry. The aim of the study is to find out the role of Make in India initiatives on the handicrafts sector. This is paper is based on secondary data analysis, and explores the Government reports, the MSME reports and other secondary resources available on handicraft. We explored the status of Make in India by how much upliftment of the handicraft sector in recent past.

Introduction

The dispersed and decentralized handloom and handicrafts sectors embody the traditional wisdom, cultural wealth and secular ethos of our polity. They are not just a source of livelihood for lakhs of weavers and artisans, but also environment friendly, energy and capital saving and labor- intensive forms of art that have secured India's presence in millions of homes across the globe; a presence that has been crafted by dexterous hands,

many of whom are among the most marginalized sections of our society in both rural and urban areas. The two sectors also reflect the binding force that unites various diverse segments of the population, encouraging co-existence of communities from different faiths, cultures, classes and castes, thereby strengthening the secular, cultural, social and moral fabric of the country.

Owing to their importance in India's development and livelihood policy, the Government of India has introduced various policies along with programmatic interventions for the handloom and handicrafts sectors, aimed at generating sustained, productive and gainful employment with decent working conditions for the entire weaver, artisanal and ancillary worker population. While a majority of the programmes have yielded positive results, several factors – demographic, social, technical and cultural – have led to a situation of only partial fulfillment of the policy objectives. Consequently, the extent, nature and structure of employment creation and sustenance in these sectors remain a major concern for policy makers. In addition, inadequate infrastructure, poor marketing support and ailing distribution networks has weakened an already fragile supply chain system.

The handicrafts sector is important for the Indian economy as it is one of the largest employment generators and accounts for a significant share in the country's exports. The Indian handicrafts industry is fragmented, with more than 7 million regional artisans and more than 67,000 exporters/export houses promoting regional art and craftsmanship in the domestic and global markets.

Handicraft sector-

India has a rich history of handicrafts that has evolved over the centuries. The entire wealth of timeless Indian handicrafts has survived through ages. The legacy of Indian culture promises everything- beauty, dignity, form and style. The magnetic appeal of Indian culture resides in its exclusivity, its mystical tone that leaves people amazed at their sight.

Key Products-

- BASKETS
- CHRISTMAS ITEMS
- BOXES
- CUSHION COVERS

- CHAIN STITCHED RUGS
- CLAY / TERACOTTA / CERAMICS TILES
- DECORATIVE ITEMS
- DOLLS
- DRESS FABRICS
- FASHION ACCESSORIES
- FIGURES
- FURNITURE
- GLASS BEADS
- GRASS COASTERS
- GENTS GARMENTS
- HOME ACCESSORIES
- HOME FURNISHING
- JEWELLERY
- KIDS WEAR
- KITCHEN WARES
- LADIES GARMENTS
- LEATHER ACCESSORIES
- MATS
- OFFICE ACCESSORIES
- SHAWLS
- TEXTILE BASED SOFT TOYS
- THROWS / CHINDI
- UTENSILS
- UTILITIES
- WOODEN TABLE TOPS
- WALL HANGINGS

Recent Statistic

- The sector contributes 14% to industrial production, 4% to India's GDP and constitutes 13% of the country's export earnings.
- With over 45 Million people, employed directly, the industry is one of the largest sources of employment generation in the country.
- The domestic textile and apparel industry in India is estimated to reach USD 100 Billion by 2016-17 from USD 67 Billion in 2013-14.
- Exports in textiles and apparel from India are expected to increase to USD 65 Billion by 2016-17 from USD 40 Billion in 2013-14.
- The total fabric production in India is expected to grow to 112 Billion square meters by 2016-17 from 64 Billion square meters in 2013-14.
- India's fiber production in 2013-14 is 7 Million Tonnes and is expected to reach 10 Million Tonnes in 2016-17.

Make in India Initiatives on Handloom/Handicrafts sector

- Allocation of INR 500 Million towards the setting up of a trade facilitation center and a crafts museum to develop and promote handloom products and carry forward the rich tradition of the handlooms of Varanasi.

Journal of Business Management Science

- Allocation of INR 2000 Million towards the proposed setting up of mega textile clusters at Bareilly, Lucknow, Surat, Kuttch, Bhagalpur and Mysore and one in Tamil Nadu.
- Allocation of INR 300 Million towards the setting up of Hastkala Academy for the preservation, revival and documentation of the handloom/handicraft sector in PPP mode in Delhi.
- Allocation of INR 500 Million towards the setting up of Pashmina Promotion Programme (P-3) and a Programme for the development of other crafts of Jammu & Kashmir.
- The duty-free entitlement for import of trimmings and embellishments used by the readymade textile garment sector for manufacture of garments for exports is being increased from 3% to 5%.
- Non-fusible embroidery motifs or prints are being included in the list of items eligible to be imported duty-free for manufacture of garments for exports.
- The list of specified goods required by handicraft manufacturer-exporters is being expanded by including wire rolls so as to provide customs duty exemption on import by handicrafts manufacturer-exporters.
- Fusible embroidery motifs or prints, anti-theft devices, pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider hand rings are being included in the list of items eligible to be imported duty-free for manufacture of handloom made ups or cotton made ups or manmade made ups for export.
- Specified goods imported for use in the manufacture of textile garments for export are fully exempt from Basic Customs Duty (BCD) and Countervailing Duty (CVD) subject to conditions that the manufacturer produces an entitlement certificate from the Apparel Export Promotion Council or from the Indian Silk Export Promotion Council.
- Basic Customs Duty (BCD) on raw materials for manufacture of spandex yarn viz. polytetramethylene ether glycol and diphenyl methane 4,4 di-isocyanate is being reduced from 5% to NIL.
- Any of the following two deductions can be availed:
 1. Investment allowance (additional depreciation) at the rate of 15% to manufacturing companies that invest more than INR 1 Billion in plant and machinery acquired and

Journal of Business Management Science

installed between 01.04.2013 and 31.03.2015, provided the aggregate amount of investment in new plant and machinery during the said period exceeds INR 1 Billion.

2. In order to provide a fillip to companies engaged in manufacturing, the said benefit of additional deduction of 15% of the cost of new plant and machinery, exceeding INR 250 Million, acquired and installed during any previous year, until 31.03.2017.

TAX INCENTIVES:

R&D Incentives: Industry/private-sponsored research programmes:

- A weighted tax deduction is given under Section 35 (2AA) of the Income Tax Act.
- A weighted deduction of 200% is granted to assess for any sums paid to a national laboratory, university or institute of technology, or specified persons with a specific direction that the said sum would be used for scientific research within a program approved by the prescribed authority.

COMPANIES ENGAGED IN MANUFACTURE HAVING AN IN-HOUSE R&D CENTRE:

- A weighted tax deduction of 200% under Section 35 (2AB) of the Income Tax Act for both capital and revenue expenditure incurred on scientific research and development. Expenditure on land and buildings are not eligible for deductions.

STATE INCENTIVES:

- Apart from the above, each state in India offers additional incentives for industrial projects. Some of the states also have separate policies for the textiles sector.
- Incentives are in areas like subsidized land cost, relaxation in stamp duty exemption on sale/lease of land, power tariff incentives, concessional rates of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects.

EXPORT INCENTIVES:

- Export Promotion Capital Goods Scheme (PCGS).
- Duty Remission Scheme.
- Focus Product Scheme, Special Focus Product Scheme, Focus Market Scheme.

AREA-BASED INCENTIVES:

- Incentives for units in SEZ/NIMZ as specified in respective acts or the setting up of projects in special areas such as the North-east, Jammu & Kashmir, Himachal Pradesh & Uttarakhand.

Marketing Support & Service Scheme

Assistance for organizing/participation in marketing events in India

Gandhi Shilp Bazaar/Craft Bazars-

Eligibility: The eligible organization includes Central and State Handicrafts Corporations, other institutions and organizations under central and state governments, COHANDS/EPCH/CEPC/IICT/MHSC /NCDPD, Apex cooperative Societies and NGOs (registered under society act/ trust act, etc.) Financial Assistance and Funding Pattern The financial ceiling for GSB and Craft bazars is based on classification of towns: o Class I (cities with population above 5,000,000): INR 18 Lakh o Class II (cities with population between 5,000,000 and 1,000,000): INR 16 Lakh o Class III (cities with population less than 1000000): INR 14 Lakh

Exhibition- The financial ceiling for exhibitions will be based on classification of towns: o Class I (cities with population above 5,000,000): INR 8 Lakh o Class II (cities with population between 5,000,000 and 1,000,000): INR 7 Lakh Class III (cities with population less than 1,000,000): INR 6 Lakh.

KEY MARKETS AND EXPORT DESTINATIONS

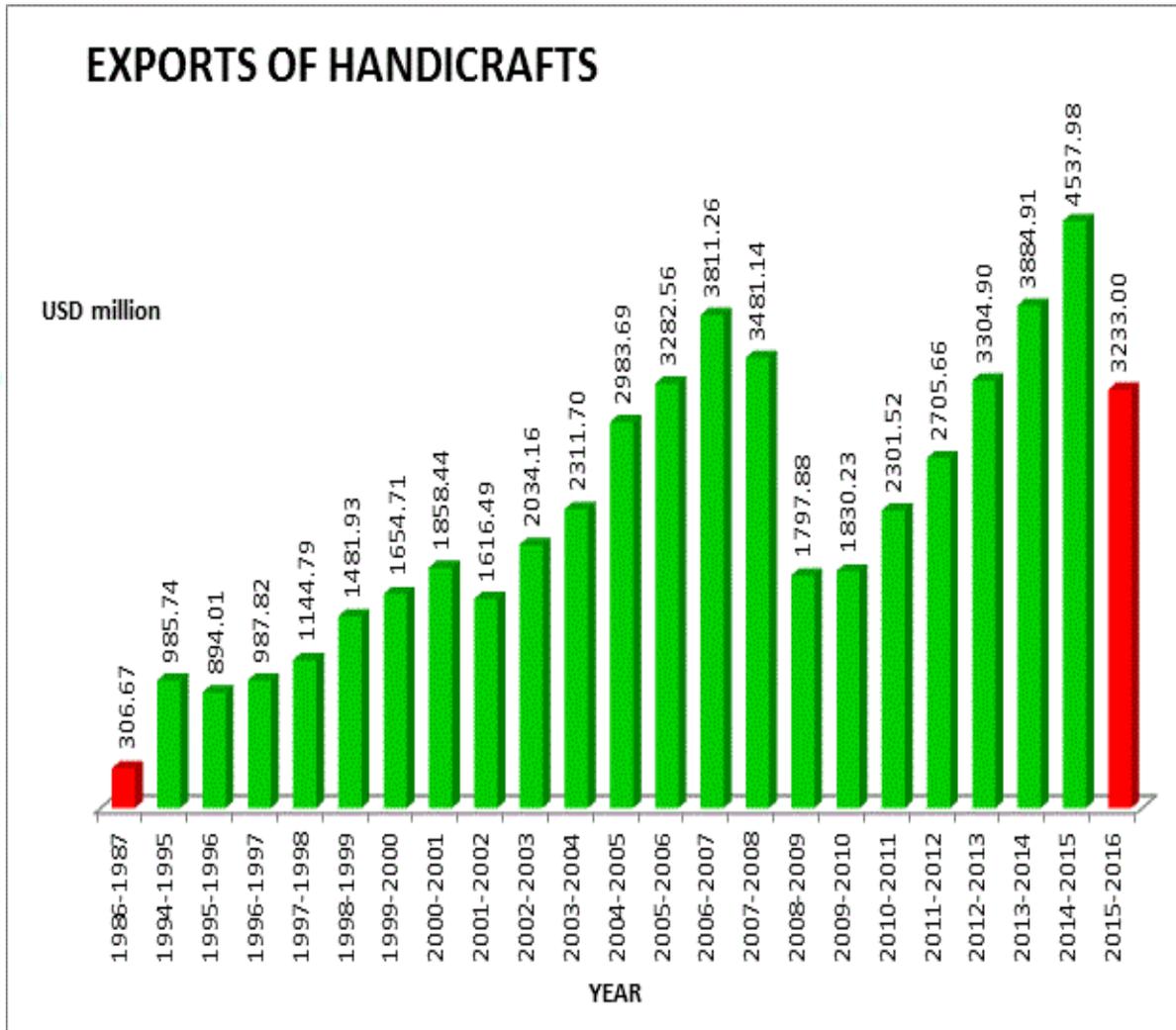
- In 2014–15, Indian handicrafts exports stood at US\$ 4.5 billion, up approximately 15.4 per cent over the previous year's exports. Exports of Indian handicrafts have increased at around 16.4 per cent since 2008–09.

Journal of Business Management Science

- Indian handicrafts are exported across geographies, with the top 10 destinations being the US, the UK, the UAE, Germany, France, Latin American countries (LAC), Italy, the Netherlands, Canada and Australia.
- The US alone accounted for approximately 26.1 per cent of India’s total handicraft exports in 2014–15. It was followed by the EU, which accounted for approximately 24.7 per cent.
- The UAE was the third-largest importer of Indian handicrafts, with imports worth US\$ 410 million in 2014–15.

The total export of handicrafts is expected to nearly double to US\$ 2.7 billion in FY 2015-16 and further increase to US\$ 3.8 billion by FY 2020-21.

Source: ASSOCHAM



(Source- Export promotion council for Handicrafts)

Discussion-

At earlier stage, Indian-handicrafts had been used as utility items to fulfill their need but now these products have become the creation of Art and are used for decorations. But now, time has been passed and people have become more developed and civilized in all aspects, those who were making handicraft products have started trading their makings by increasing demand and population.

In this context, the 12th Five Year Plan is a unique opportunity to make a decisive and permanent change. The Steering Committee on Handlooms and Handicrafts has suggested that there be greater convergence between Handlooms, Handicrafts, and Khadi & Village Industries. The same will be attempted within the Planning Commission. This will mainstream handlooms and handicrafts as legitimate branches of the small and micro-industry in India and diminish the artificial divisions that compartmentalize administration of common sectors. It is suggested that the first venture of this synergistic endeavor be a brand building and sales exercise under the trade name of “Handmade in India”.

Conclusion-

With the absence of a concerted, market-oriented approach to revitalize the sector, improve service delivery and efficacy of schemes, India is closer today to losing a heritage, which could be its greatest competitive advantage in a homogenous global marketplace. The impact of the economic downturn has been most severely felt by weavers and artisans, majority of whom belong to the marginalized social groups. They are, therefore, far more adversely impacted when faced with market fluctuations and infrastructure gaps as well as the challenges posed by the growing machine-made products. In this context, the formulation of a suitable strategy for development and revival of these sectors in the 12th Plan assumes greater significance.

References-

- Eleventh Five Year Plan 2007-12. Planning Commission of India, New Delhi: Oxford University Press (ISBN-13:978-0-19-569650-9 ISBN-10: 0-19-569650-6).

Journal of Business Management Science

- Jena, P. K. (2010). Indian Handicrafts in Globalization Times: An Analysis of Global - Local Dynamics (ISSN 1334-4676). INDECS, 8 (2), 119-137.
- Rao, R. (1979). Small Industries and the Developing Economy in India, New Delhi: Concept Publishing.
- Sarvamangala D. R. (2012) Challenges and Opportunities for Rural Cottage & Handicraft Industries in India, (ISSN 2250-1991). Paripex - Indian Journal of Research, 1 (9), 9-10.

- <http://handicrafts.nic.in/>
- <http://www.hhecworld.com/index.html>
- <http://www.ibef.org/exports/handicrafts-industry-india.aspx>
- <http://www.ibef.org/EEPC/Handicrafts/2014/index.html#2/z>
- <http://www.makeinindia.com/sector/textiles-garments/>
- www.epch.in
- www.msme.gov.in
- <http://www.commerce.nic.in/eidb/default.asp>

