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Handicrafts industries in Odisha: Problems and prospects

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Abstract

Odisha is known for its rich culture and tradition all over the world. The handicrafts and cottage industries in the state made the foundation for spreading the craftsmanship of the state in different parts of the country. But the recent study shows these sectors are struggling for their survival. For the last five to six years the growth of handicrafts units are discouraging. In this paper an attempt is made to find out the problems and prospects of these sectors in present day context in Odisha. In our study we have taken three well known craft in the state, they are applique, filigree and pattachitra. We have taken two districts and three cluster regions for our study. We have used both primary and secondary data in the analysis. From our study we find, from 2009 there has been continuous fall in establishment of new handicraft, cottage and handicraft units in the state. The employment generated by these industries has also suffered. The study reveals problems are very common to almost all the units. The problems related to these units are connected to marketing, finance and labour. The survival of these industries is not only necessary but also vital for the growth of Odisha's economy.

Keywords: Cottage Industries, Handicrafts, Artisans, Filigree, Applique, Pattachitra

Introduction

Odisha has earned a unique reputation for its arts and crafts all over the country. Odisha is considered as the land of handicrafts and it is an integral part of Odisha's culture. It offers prominent collection of arts and crafts. About 50 different crafts are practiced in Odisha and about 1.3 lakh artisans are engaged in various trades. In the process different clusters involving different trade have been created in the state focusing on identical crafts. Some of the important crafts in the state are, applique works of Pipili, pattachitra of Puri, silver filigree and golden green mats of Cuttack and horn work of Paralakhemundi. These sectors have not only kept the rich heritage of the state but also have provided employment to lakhs of artisans. The advantage of these sectors is that these sectors require less capital investment and involve low risk. The weaker sections of our society in both rural and urban areas get their livelihood from these sectors. The handicraft sectors in recent times face challenges due to development and modernization of production technique of large production houses. These sectors are unorganized and they have poor exposure to new technologies for which they fail to compete with other organized sectors. In the absence of marketing facilities, poor infrastructure and institutional frame work their growth paralyse. This sector has very important role to play in employment generation. It is against this backdrop that the present paper attempts to highlight the problem and prospects of these sectors in present day context in Odisha.

Objectives

- To examine the growth of handicraft sector in Odisha.
- To highlight the problems faced by the handicraft sector in the state and suggest measures for its revival.

Review of Literature

In our review work, we have given special emphasis on importance of handicraft sector, problems and prospects.

Arindam (2010) has studied the importance of handicraft sector in the economic development as well as its role in strengthening the cultural identity. In his study he has emphasized how the handicraft sector preserves the heritage of the country, creates jobs and also promotes exports. Papola (1940) from his study has found that most rural industries especially traditional in nature have a limited capacity to generate even the subsistence income to the members engaged in it. Mohapatra and Dash (2011) from their study of handicraft in Odisha finds lack

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of capital in the hands of craftsmen to modernize the patta painting is a great hindrance in the progress of the craft. Sushama (2012) from her study on ‘Tourism and Handicraft’ found that tourism and handicraft should go hand in hand. She established proven link between handicraft and tourism. She also suggested that business schools should prepare business plans for handicraft industries for better business. Rao (1990) observed that handicrafts offer solution to India which is characterized by unemployment and foreign exchange crunch. Arts have been accepted as one of the important tools for local community’s economic development (Philips 2004: Mayo 2000).It is also evident from studies (Williams and Martin 1995, Philips 1998, 2004, FICCI 2002) that craft works act as one of the major drives for tourism activities. Researchers like (Solanki 2002, Prasad and Rathore 1998) find from their study that there are migrations of artisans from their native place to nearby cities in search of jobs that are not suited to their skills. Agasty and Patra (2013, 2014) from their study found that these sectors face the problem labour scarcity because of migration of labour to the urban areas for better wages.

Methodology and the Source of data

The data have been collected from primary as well as from secondary source. The secondary data for this study are obtained from Economic Survey of Odisha 2013-14. The primary data are generated through the use of structured schedules canvassed in person among the artisan family. Both purposive and simple random sampling procedures are

adopted in our study. In Stage – I, three locations namely, Pipili, Raghurajpur from Puri and Cuttack districts were selected. These three locations are known for Applique, Pattachitra and Filigree works all over the world. So, purposive sampling technique is used in Stage- I. In Stage-II, we took 50 samples from each location. These 50 samples are taken by using simple random sampling. So, information has been obtained from a sample of 150 handicrafts units. The relevant data are collected in fifteen days. Simple statistical tools like percentages, tables have been used to analyze data. Garrett’s ranking technique was used to rank the preference indicated by the respondents on different factors.

The Handicrafts industry in Odisha

Handicrafts industry is the major source of income for the rural areas in India. Odisha is famous for its art and craft all over the world. But in recent times we find handicrafts and cottage industry in Odisha exhibits a declining trend in terms of the number of units as well as employment generation. Odisha has earned a unique reputation for its cottage and handicrafts industries. People of the state have inherited an excellent legacy in preparing these products. The state in fact is considered as the land of handicrafts which are an integral part of our cultural heritage. During 2013-14, 1,204 cottage industries have been established and gone into production with an investment of Rs. 3.45 crore and providing employment to 1,507 persons. The Table – 1 highlights handicrafts and cottage industries scenario in the state.

Table 1: Growth of handicraft and Cottage Industry in Odisha

Year	No. of Units established during the year	Investment (Rs. In Crore)	Employment Generated(No. of Persons)
1	2	3	4
2000--01	22,431	40.65	37,641
2001-02	26,196	61.72	36,937
2002-03	25,401	61.34	39,528
2003-04	23,287	67.87	39,743
2004-05	18,277	48.41	30,052
2005-06	13,363	39.42	22,734
2006-07	13,063	53.32	20,605
2007-08	9,011	38.3	15,368
2008-09	9,294	34.83	16,279
2009-10	14,539	37.55	28,305
2010-11	7,884	26.29	12,431
2011-12	7,293	30.31	9,187
2012-13	1,027	2.96	1,393
2013-14	1,204	3.45	1,507

Source: Economic Survey 2014-15, Odisha.

The Table-I reveals that there is a continuous decline in the growth of handicrafts and cottage industry. The number of units established in 2001-02 was highest and during the year 2012-13, the number of units established was 1,027. In terms of investment, the highest investment was made in the year 2003-04 and lowest investment was made in the year 2012-13. If we look at the employment generation in 2003-04, 37,943 numbers of jobs were generated whereas in 2012-13 only 1,393 persons were employed. If we analyze the last 14 years data, the year 2003-04 had shown good growth in cottage scale and handicraft sector in the state in terms of number of units established and employment generated. There was consistent fall of number of units established and employed from 2003-04 to 2008-09. The data for the year 2009-10 is

encouraging as 14,539 units were established, 37.55 crores of rupees were invested and 28,305 people got employment. Again in 2010-11 to 2013-14 there was continuous fall in the growth of new units and employment generation. In 2012-13, the result was alarming, only 2.96 crore of investments were made, 1027 units were established, 1,393 persons were employed. The graph below shows the overall growth of cottage and handicraft industries in the state from 2000-01 to 2012-13. We have two peak points in the year 2003-04 and another in the year 2009-10. This shows there is a direct relationship between the number of units established and the employment generated.

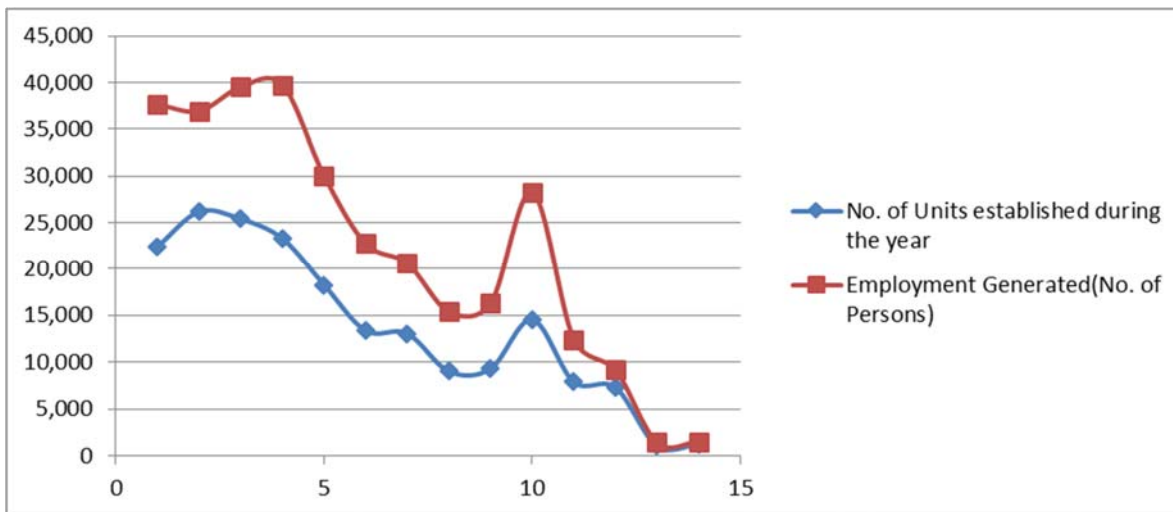
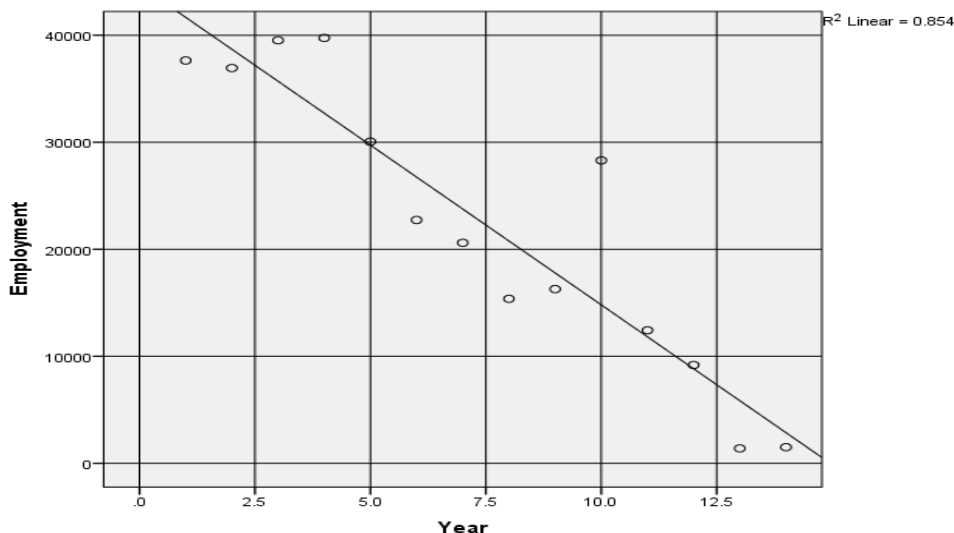


Fig 1: The Overall Growth of Cottage and Handcraft Industries in On Odisha

The employment generation is directly connected with the number of units established. The employment generation by these units has been in downward trend for the last decade as

shown in the Figure (2). This is a very serious issue and should be dealt with much importance.

Fig 2: The trend of Cottage and Handcraft Industries in Odisha



The fig (3) shows the trend of cottage and handcraft sector in the last ten years. The trend line shows the decline trend in employment in various years when there is fall in the growth of handcraft sector in the states.

The impact of number of handicrafts unit established for employment generated can be further ascertained by running a liner regression on our data. The regression equation used for the purpose can be written as

$Y = a + b(X) + \epsilon$
 $Y = 499.144 + (1.585) X + 0.080$
 Where Y = Number of Employment generated
 X = Number of handcraft units established
 ϵ = Standard error
 The descriptive statistics are presented in the Table below.

Table 2: Descriptive Statistics

Variable	Mean	SD	Coefficient	T-Value	Level of Significance(P)
1	2	3	4	5	6
Y=Employment (Dependent)	22265	13510.54			
X= Units established (Independent)	13734	8395.93	1.585	19.701	00.00
Constant = 499.144					
F Ratio= 388.132 Number of Years=14 Adjusted R square =0.97					

Source: Authors own calculation from Primary Data

The correlation is strong positive (1.585) and the relationship is highly significant. We have estimated the effects of number of units established on employment generation in the state by taking last 14 years data. This strongly suggests there should be increase in number of handicraft units in the state to increase the number of employment opportunity in the state.

Problems associated with the handicraft units

Almost all the handicraft units we have taken into our study have common problems. In this section we have discussed various problems faced by the handicraft sectors. These problems are associated with shortage of raw materials, problems of marketing, non-availability of working capital, competition from large scale industries, problems of labour etc. In our analysis we have used Garrett’s ranking technique to find out the problems associated with the handicrafts units in the state. Table-2 shows the problems faced by the handicraft units in the state.

Garrett’s ranking technique was used to rank the preference indicated by the respondents on different factors. As per this

method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula.

$$\frac{100(R_{ij} - 0.5)}{N_j}$$

Percentage Position =

Where R_{ij} = Rank given for the i th variable by j th respondents

N_j = Number of variable ranked by j th respondents

With the help of Garrett’s Table, the percent position estimated is converted into scores. Then for each factor, the scores of each individual are added and then total value of scores and mean values of score is calculated. The factors having highest mean value is considered to be the most important factor.

Table 3: Problems Faced by the Cottage and Handicraft Units

Sl.No	Problems	Total Score	Rank	Percentages
1	Raw Materials	6900	4	11.42
2	Marketing	11,500	1	19.04
3	Financial	9000	2	14.90
4	Competition	6500	6	10.76
5	No Support from Govt.	6800	5	11.26
6	Labour	7800	3	12.92
7	Lack of updation of Technology	6000	7	9.93
8	Others	5890	8	9.75

Source: Authors own calculation from Primary data

If we analyze the above table, it is found that the major problems faced by the handicraft units are related to marketing, finance and the labour shortages. If we take the total problem as 100 per cent, out of this 19.04 is related to marketing. In the present globalized and financially liberalized market, owing to the popularization of machine based low cost and superior quality consumer goods, the Indian handicraft industry in general and Orissa’s craft industry in particular is facing enormous problems in marketing their products. As there has been the evolution of the modern market system economy, the artisans have lost their holds over the old patron-client market network and jajmani relationship. Similarly 14.90 per cent problem is connected to working capitals. Many of the handicraft units don’t get the financial support from the bank and other financial institutions at the right time. This brings lot of problem in managing the units

Next to finance, the handicrafts units face the problem of labour shortages. Implementation of various government programmes for the below poverty line (BPL) rural households has been an important factor contributing to the change in work patterns and additionally to the reduced participation of people in the labour markets (people prefer leisure to work). Workers are getting increasingly disinterested in manual work and are migrating to the urban areas to harness more lucrative livelihood opportunities (Agasty and Patra 2013; 2014). This has resulted in severe labour problem in the state. About 12.92 percents of handicrafts units have labour problems. These units also face the problem related to raw materials. About 11.42 percent problem is related to availability of quality raw materials. 11.26 per cent problem is related to the government support. Sometimes these units don’t get the right kind of support from

the government. In pen and paper numbers of policies are framed for the revival of these sectors in the state, but in reality the picture is something else.

10.76 per cent of problem is related to the competition faced by these industries from large business houses. In Orissa various small scale industries have been facing enormous problems and have failed to compete with the Chinese companies who have intruded into the Orissa market with their low cost products.

Another 10 per cent problem is related to technology up gradation and lack of innovation. To survive in this competitive world these units should upgrade their production method and should bring innovation to their product.

The relative share of each problem is shown in the fig-3 and figure-4 below.

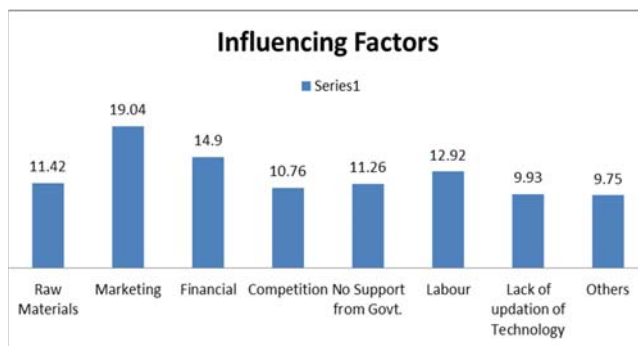


Fig 3: Influencing Factors

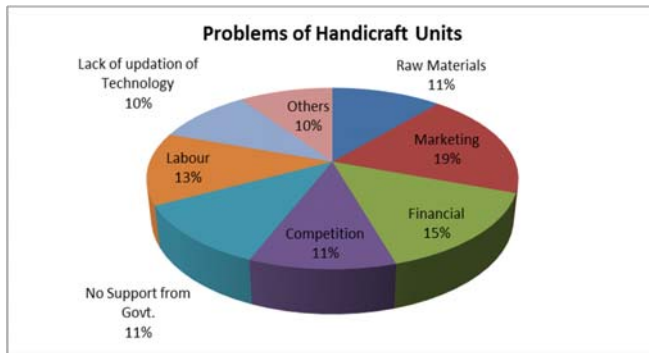


Fig 4: Problem of Handicraft Units

Findings

After analyzing the scenario of cottage and handicraft sectors in the state in the last fourteen years, we have some important findings. The results of the study are presented below.

1. From 2009-2013 the establishments of new handicraft units in the state has gone down drastically.
2. The employment generations of these industries have declined over the years.
3. Investment on cottage and handicraft industries is very negligible in last few years.
4. The trend value and the value of coefficient determination show that the growths of these industries have decreased significantly.
5. From our study it is also found that marketing of handicraft product is a major bottleneck. Except marketing, the finance requirement and labour shortages are two other problems encountered by the handicrafts sector in the state

Conclusion and Policy Implications:

Odisha is famous for its rich culture and tradition all over the world. At the same time it has the reputation of being one of the poorest state in the country. The handicrafts of Odisha are well admired and highly accepted in national and international market. Unfortunately in recent time the handicraft sectors are facing the challenges and their survival has become a question now. The artisans who were depending upon the crafts for their livelihood are coming under heavy pressure because of falling income. The artisans involved in these trades are now found to be living a very distressful life. Many craftsmen fail to get craft based employment round the year. Cottage and handicraft sectors are symbol of Odisha's culture and tradition. Its survival is not only necessary but also vital for many those who depend upon these sectors for their livelihood. The state and the central government should come forward to help these sectors for their growth and survival. These sectors have good market nationally and globally, the only thing is, and they fail to project themselves. The government should come forward to make the handicraft product globally competitive. The state government should also go for developing different clusters for these units. These clusters should be provided with marketing assistance and financial support. Time to time the government should take steps to exhibit the product through trade fairs and exhibition. It should be done locally and also at national and international level. Numbers of units suffer for their poor financial health; steps should be taken to revive these units through cheaper loan facilities. Subsidies, lower interest rate and easy credit policy have a greater positive impact on these sectors. Labour shortage is a major problem today due to migration of labour from the state to neighboring states for the sake of better

wages. This is creating labour shortage and pushing up the wage. In recent time the different welfare policies made by the government of Odisha is discouraging the people to do manual work. On the other hand to work in these handicraft sectors some sort of skill is also required, so the government should come forward to train unskilled people to learn these trades to gain employment in these units.. In different ITIs in the state, the govt. should open new training centers on filigree, pattachitra and appliqué. Training should also be provided to the existing artisans for developing new designs and innovative products to attract the customers and to compete with big business houses. The handicraft sectors require a policy framework that will support the improvement of their development potential.

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