Human Resource and Skill Requirements in the
Handloom & Handicrafts Sector
Executive Summary

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Skill Development
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India has the highest capacity of loom with a share of 61 percent in the world loomage

Key Growth Drivers

- India is the biggest producer of jute in the world in (1.67 million tonnes), second in silk production (23679 MT), second in cotton production (5.7 million tonnes) while fifth in synthetic fibre production during 2012–13.
- India is a powerhouse of silk production; only China produces more silk annually, than India. India is also notable that it produces all four commercially used varieties of silk: mulberry, *tusser*, eri and *muga*; around 80 percent of silk produced is of the mulberry variety.
- India is the biggest exporter of yarn in the international market and has a share of 25 percent in the world yarn export market; along with a share of 12 percent in yarn and textile fibre production in the world.
- India has the highest capacity of loom with a share of 61 percent in the world loom age

Concerns and Challenges

Rising input costs

- Raw material for cotton costs are high due to high local prices and transport costs, especially for southern states that bring cotton from the west. The problem is far more acute for individual weavers due to lack of economies of scale. Also earlier weaving of handloom was done on cotton, but now other fibres are also used.

Sparse credit coverage and high cost

- Lack of financial literacy among weavers and operating outside the purview of institutional financing increase credit-related challenges for them. The dependence of units on the master weaver or trader is high, for provision of orders with raw-material, design and an advance on labour given by them.

Poor policy dissemination

- Lack of amount of information available to weavers regarding various government policies and schemes acts as a critical factor for diminishing revenues.
- Most schemes, which can target specific problems of small players, are replaced by those that require 'big' implementers with access and influence.

Government Initiatives and impacts

- To make small units sustainable and facilitate the growth of independent business units, common facility centres (CFC) have been established. CFC is a place where facilities, such as warping machines, sizing plant, raw material bank, are present to help the weaver.

- Handlooms Export Promotion was established to assist Handlooms cooperative societies and corporations in developing export-worthy products, by interventions in the form of engaging professional designers and marketing consultants, upgrading skills and market penetration by participating in international fairs/exhibitions, buyer-seller meets and brand development through Handlooms mark and setting up design studios

Sources: KPMG in India analysis

Introduction

The story of Indian Handicrafts dates back to one of the oldest civilisations of the world. Indian Handicrafts represents beauty, dignity, form and style. In the 1970's, the government initiated the preservation of crafts, skill upgrade, and the challenges the sector was facing, However the focus shifted to export in the later decades. It plays a significant role in the country's economy and provides employment to more than 7.3 million people; mostly from rural and semi-urban areas. Based on historical trends, the Handicrafts sector is expected to grow by 16 percent during 2013–17 and by another 16 percent during 2017–22

Sector Specific Indicators (2011–12)	
Production	INR 302.57 billion
Growth rate of production (base 2008–09)	16 percent CAGR
Exports	INR168.51 billion
Growth rate of exports (base 2008–09)	15 percent CAGR
Employment (estimated)	7.2 million

Note: *The employment numbers have been sourced from the Planning Commission estimate (based on the ongoing Handicrafts census estimate). However, Crafts Council of India (CCI) had earlier carried out a study which guesstimates the employment in Handlooms and Handicrafts to be around 200 million, which is about 18 times of the census estimates. Given the huge difference, CCI has convinced the Planning Commission to include artisans for enumeration in the sixth economic census. The results of this census are yet to be announced by the Central Statistical Organisation.*

Concerns and Challenges

Handicrafts census

- Lack of adequate and authentic data on crafts persons, including their socio-economic status, livelihood conditions and details of families, is a major bottleneck that affects planning and policy-making for the sub-sector

Credit and raw materials

- Most artisans are from economically disadvantaged sections with limited access to capital, which leads them to local moneylenders. Similarly, raw materials are sourced locally and ensuring high quality of raw materials remains an issue, which results in poor returns.

Infrastructure and technological gaps

- The availability of infrastructure required by the Handicrafts sub-sector has been less than satisfactory, leading to a loss of competitiveness. The situation has further risen due to the lack of advanced technologies, as old methods of production lead to inefficiency.

Sources: Handlooms census 2009–10; Planning Commission; Crafts Council of India; craft economics and impact study, KPMG in India analysis

Demographic characteristics of workforce-Handlooms

60.5 percent of Handlooms/weaver households are located in northeast India.

Key Characteristics of Workforce	
Urban-rural	▪ Handloom is predominantly a rural phenomenon with a significantly high number of Handlooms households located in these regions. ▪ Rural areas have about 87 percent of weaver households and urban areas have the remaining 13 percent. In terms of number of workers, it is 84 percent in rural areas and 16 percent in urban areas
Geographical clusters	▪ Geographically, workforce distribution is highly concentrated with 60.5 percent(16.83 lakhs) of Handlooms/weaver households located in northeast India. Assam alone accounts for 44.6 percent(12,41 lakhs).Other states, such as West Bengal, consist of 4.07 lakhs(14.6 percent), Andhra Pradesh consists of 1.77 lakh(6.4 percent) ▪ Location of loom, rural: 20.66 lakhs (86.9 percent),urban: 3.11 lakhs (13.1 percent)
Composition of workforce	▪ Composition of workforce, that is indirectly related in the overall employment has considerable urban-rural variations. ▪ While the share of Handlooms weavers in rural areas is high (78 percent), urban areas have higher composition of allied workers (37 percent) than the rural ones (22 percent).
Gender composition	▪ The sub-sector has a major proportion of women workers (29.98 lakhs i.e. 78 percent of overall) as laborious pre-loom and post-loom activities are traditionally attended to by women. ▪ This ratio falls to 58 percent in urban areas while rural areas have women workforce of about 82 percent.
Education levels	▪ A majority of Handlooms workers have never received any form of education (rural 32 percent and urban 29 percent). ▪ Weaving skills are traditionally inherited from community-based learning, indicating the limited need for educational qualification as a criterion to pursue such activities.
Age-wise distribution	▪ A large number of Handlooms workers are in the age group of 18–35 years, with a majority of them from rural areas, 38.47 lakh ,88.8 percent of the total workforce are adult Handlooms workers (aged 18 and above).

Sources: Industry Interactions; KPMG in India analysis

Demographic characteristics of workforce-Handicrafts

Key Characteristics of Workforce

Household sector

- The Handicrafts sub-sector is recognised as the second-largest sector of rural employment after agriculture.
- The activities are predominantly conducted in the organised household sector.

Geographical clusters

- Main clusters for the Handicraft sub-sector are located in Arunachal Pradesh, Assam, Mizoram, Manipur, Meghalaya, Tripura, Delhi, Rajasthan, Jammu and Kashmir, Bihar, Jharkhand, West Bengal, Andhra Pradesh, Tamil Nadu, Kerala, Gujarat, Madhya Pradesh, Uttar Pradesh and Maharashtra.

Composition of workforce

- Out of the total crafts persons/workers, 24.16 percent are from the scheduled castes, 4.18 percent from the scheduled tribes, 47.4 percent are women and 22.9 percent belong to minority groups.
- The Handicraft sub-sector largely comprises women workers and artisans from the weaker sections of the society.
- The level of education among workers is significantly low, leading to poor marketing skills and low standard of living.
- The sub-sector largely comprises women workers, out of which 71 percent are illiterate.

Regional imbalances

- Widespread regional imbalances exist throughout the country with visible gaps in production and sales. The disparity is evident from the fact that the north-eastern states majorly contribute to export while other regions contribute only marginally to export.

Programmatic inefficiencies

- The Handicraft sub-sector is dominated by several programmatic inefficiencies, such as eligibility criteria, financial aspects and fund release patterns. There is a need for evaluating and reviewing such inefficiencies

Limited role of private enterprise

- Implementation of project interventions is limited by the capacity of NGOs/ implementing agencies (IAS)
- Such agencies are marred by limited linkages with the markets and limited capacity to sustain operations once the funding has stopped

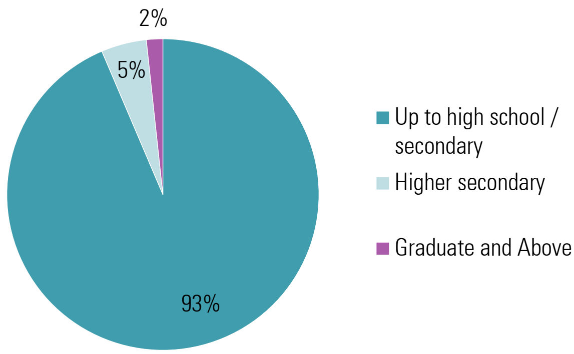
Incremental Human Resource Requirement (2013-22)

The handloom & handicrafts sector is expected to grow to 17.79 million by 2022

Human Resource Growth Trends in the Sector (in million)

	Employment (in million)			Employment growth 2013–17	Employment growth 2017–22
	2013	2017	2022	(In million)	(In million)
Handlooms	4.33	4.33	4.33	--	--
Handicrafts	7.32	9.60	13.46	2.28	3.86
Overall sector	11.65	13.93	17.79	2.28	3.86

Education wise break up of incremental HR requirement (2013 - 22)



More than 90 percent of the incremental human resource requirement is expected to be in minimal education category as the industry does not mandate any specific education levels for employment

Challenges in skill supply and development

Job Roles	Representative Skill Gaps
Identification of customer segments in contemporary markets	▪ The markets that artisans traditionally catered to are significantly different from modern markets in terms of customer segments ▪ Artisans lack knowledge on demographics and spending behaviours
Communication and co-ordination skills	▪ To withstand competition from mechanised processes and deliver big orders as required in modern markets, artisans may often have to collaborate, leaving their traditional workplaces of households, to benefit from economies of scale ▪ This process requires artisans to communicate and co-ordinate with each other to meet client requirements within the specified timeframe
No skills premium	▪ No fair wages mechanism ▪ No premium for craftsmanship
Mismatch in expectations of students and employers	▪ The next generation of artisans do not want to become artisans as less remuneration makes the sector unattractive. ▪ In addition, the traditional form of teaching, training and skill development for the Handlooms and Handicrafts sector has remained absent in the formal education system, including research institutes

The technical nature of the jobs in this sector requires more investment on practical/on-the-job training

Government Initiatives

Training, HRD, R&D and technical processes

The government extends support for improvement in existing infrastructure and machinery, introduction of degree courses, R&D projects, revival and documentation of languishing Handlooms crafts

- **Design and Technology Up gradation Scheme:** It caters to the introduction and dissemination of new designs, development of innovative technologies/technical processes and showcasing of prototypes in exhibitions as well as online The purpose of this scheme is to provide financial assistance to the institutions sponsored by the central government, upgrade skills through training, documentation, preservation and revival of rare and languishing crafts, financial assistance for institutions to be established under state initiatives, including design centres, design banks and museums
- **Human Resource Development scheme:** It involves the introduction of craft training programmes in design, technology, marketing and management through recognised institutions and universities

Challenges in skill supply and development

- Engineering graduates who join the IT and ITeS sector lack basic knowledge and skills of information technology, programming etc.
- Companies invest significant time and effort to equip fresh graduates with necessary skill set. The existing curricula do not impart the skills that can make students employable.
- The technical nature of job(s) requires practical/on-the-job training.
- Most of the people in this sector are self-employed, hence, this requires a more holistic approach that is not limited to just training but helping build an ecosystem where training is one of the aspects among others, such as developing markets, products and means of financing these enterprises to improve productivity. The formal education system, including research institutes, have not included teaching, training and skill development for the Handlooms sub-sector in their mainstream activities. As a result, the responsibility of introducing innovation in design and techniques is left to the initiative of the weaver families, who usually do not have resources to devote to this critical field.
- There is lack of proper infrastructure for training of weavers as well as of teaching modules on how to adopt technology for the betterment of their product.

Select recommendations & implications

Recommendation	Implications
Artisans need to be provided with market linkages and intelligence	▪ Artisans need to be provided with market linkages for them to earn a sustainable living from craft. Creating an ecosystem where artisans have ready access to raw material, working capital, customer knowledge, design capabilities and reliable sales channels alongside health and insurance benefits is necessary to revive the sector ▪ Even though artisans possess craft skills, they are unable to meet the needs of the modern-day consumer owing to the lack of design knowledge of contemporary craft products. Artisans need to be provided with market intelligence for them to produce market-relevant products
Making funds readily available and spreading awareness about schemes available	▪ Corporate houses are to be encouraged to take up development of artisanal communities and revival, preservation and promotion of crafts through adoption of a craft or a cluster as part of their CSR mandate. Further, Handlooms and Handicrafts are to be promoted for corporate gifting purposes ▪ Awareness about existing schemes need to be spread among artisans, so that they can benefit from those initiatives
A readily available platform has to be made available for the promotion of the products	▪ Khadi and Village Industries Commission and multinational companies Cottage Industries Exposition Limited can be utilised as a significant platform for marketing handlooms and handicrafts. Its penetration may be leveraged with products customised for prevailing market needs
Need to educate the artisans about raw materials and the products used and also how to market them	▪ Training and education on how to produce is essential but with what to produce is equally crucial. Hence, proper education regarding the use of materials used for production is necessary. Training institutions, government and self-help groups associated with the sector should help ensure that such knowledge is being imparted. ▪ An effective channel for artisans to gain an understanding of customers and market their products is exhibitions and fairs. Artisan-organised fashion shows should be part of training curriculum, which could teach them event management and marketing skills.
Need for innovation and experimentation	▪ To withstand competition from mechanized processes, differentiation in terms of design and intricacy are to be brought in by artisans through innovation, e.g., wooden block printers of Sanganer and Serampur adopted finer designs that screen printing (cheaper and less laborious) from Ahmedabad and other regions cannot replicate
Availability of proper infrastructure	▪ In order to improve productivity and bring in a higher level of consistency in products, development of more sophisticated tools and processes is to be carried out and made available to artisans, e.g., development of a tool to position bamboo at a convenient and stable angle for easy and consistent cutting has helped improve productivity of bamboo craftsmen in North East

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