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**Craft Clusters and Work in Rural India:  
An Exploration**

**Keshab Das**



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## Abstract

With the farm sector continuing with unimpressive performance in terms of the growth of value of output, agricultural infrastructure and also sustained massive rise in the landless agricultural labourers, marginal and small farmers non-farm employment remains a potential source of local income and job generation. As an important source of non-farm livelihood option in villages and small towns in India artisans - drawing upon cultural heritage, traditional skills and entrepreneurship – have relied on local resources and, typically, served local demand. While the number of persons engaged in the huge variety of craft clusters (both handicrafts and handlooms) spread across the country is substantial there has been a systematic policy neglect of the problems faced by the crafts as well as the craftspersons. That state policies have hardly helped preserve and promote craft skills and business is justified by the fact that there is no reliable and comprehensive official statistics on the craft activities and that implies whatever schemes meant for artisans or their products would not be reaching most of the craftspersons. Consequently, a number of crafts are on the decline including the *languishing* crafts, *inter alia*, due to raw material crisis, skill shortage and dwindling demand craft clusters in rural India. A variety of institutional constraints facing these clusters over the decades have acted against developing an innovative ethos in the craft activities. While informality and the very small size of these enterprises characterize much of craft cluster dynamics the policy apathy has continued to be the bane of this sector. Even the cluster development programmes have been uninnovative in appreciating craft-centric issues and irresponsive to spatial development issues, particularly, economic infrastructure and enabling institutions. The paper attempts to critically address important policy concerns through references to two cases of rural craft clusters in western and north eastern India.

**Keywords** : Craft Clusters; Non-farm Employment; Raw Material; Institutions; Markets; Innovations; Official Statistics

**JEL Classification** : J24; J46; L26; O25; and R58

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# **Craft Clusters and Work in Rural India: An Exploration**

**Keshab Das**

## **Introduction**

In post-Independence India, efforts at and ideas about effecting rural transformation through agrarian change, unfortunately, have been devoid of the critical elements of pragmatism and pursuance. That a highly skewed distribution of land and spatio-selective technological intervention would continue to plague expectations over remarkable contributions from the agricultural sector remained a reality that one learnt to live with. Over six decades of development planning, including a quarter century of economic reforms, have certainly performed dismally in promoting rural infrastructure, which constitutes the very basis of activating the rural economy (Das, 2001). Despite numerous thoughtful studies and government schemes both at the central and state levels, widespread poverty and unemployment in rural India establish the persistent neglect meted out to the rural transformation project, if there was one. As per the latest report of the Planning Commission (Government of India, 2014: 66) the poverty ratio for rural India (for the year 2011-12) was 30.9 per cent and the same for the sample states in this study were 21.4 per cent for Rajasthan and 42.0 per cent for Assam.

Whereas and whenever the farm sector could engage its population, mostly for about four months in a year, very little options were left to the villagers in terms of earning their livelihood for the rest of the months. The predicament of unemployment is particularly acute as not only are a staggering three-fourths of landholdings still with small and marginal farmers, but the number of agricultural labourers has also risen considerably from about 27.3 million in 1951 to 144.3 million in 2011; the proportion of agricultural labourers has risen from about 19.5 per cent to 30 per cent during the same period. In fact, during the last census decade alone while the cultivators have declined by about 9 million, there has been an increase of about 38 million in the number of agricultural labourers. An important consequence of this has been the large scale migration (both seasonal and

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permanent) to urban industrial centres, which has often landed the desperate unskilled and illiterate/ poorly educated young workers in strenuous, unsafe and long-day jobs. Even when their labour was grossly under-valued and jobs remained precarious and ‘unprotected’, urban industrial belts have been receiving millions of migrant workers from rural areas wherein both the farm and non-farm sectors are incapable of generating adequate and sustainable income and employment opportunities.

## **Nature of Rural Non-farm Employment**

There have been important changes in the structure of rural employment during the recent decades. As may be surmised from Table 1, during the past three decades or so (1983 to 2012) with a steady decline in the share of the two sectors that have witnessed clear signs of a rise in shares of rural employment are ‘Construction’ and ‘Trade, Hotels and Restaurants’, with the former showing an impressive rise (from 1.7 per cent to 11.7 per cent). Interestingly, the share of employment in ‘Manufacturing’ (which would account for much of what is described as ‘rural industries’, including rural clusters) as an important source of employment has risen rather slowly from 6.8 per cent in 1983 to 8.7 per cent in 2011-12. Even considering that the sectoral growth rates of rural employment from the non-farm sector as a whole have gone up (from 3.23 per cent during 1983 to 1993-94 to 3.64 per cent during 1993-94 to 2004-05 to 4.03 per cent during 1999-2000 to 2009-10), that of manufacturing has, in fact, slipped to a low of a mere 0.62 per cent during 1999-2000 to 2009-10 from the earlier phases; 2.02 per cent during 1983 to 1993-94 and 2.74 per cent during 1993-94 to 2004-05 (Reddy *et al.*, 2014: 11).

In a comparison of *incremental* employment by non-farm sector in rural India as between pre- and post-reform periods, it was again established that ‘Manufacturing’ (with 8.96 per cent) was not the sector where notable growth occurred (Bhaumik, 2013: 360-361); in fact, the sectors which absorbed new entrants in the labour market were ‘Construction’ (57.88 per cent), ‘Trade’ (18.23 per cent) and ‘Transport, Storage and Communications’ (12.96 per cent) (Table 2). As a further corroboration of the fact of receding significance of manufacturing within rural non-farm activities so far as employment is concerned, Table 3 provides relevant data by sample states. It is useful to note that in both states over the four time points during the three decades (1983 to 2011-12) the share of manufacturing within non-



farm employment has not only remained low (varying between 5 and 10 per cent in 2011-12, for instance) but has often declined during the period referred to. The issue of concern relates to the weakening status of rural industries in acting as a potential source of employment in rural India.

**Table 1: Structure of Rural Employment in India, 1983 to 2011-12**

(Percentages)

Sector/Industry	1983	1993-94	2004-05	2011-12
Agriculture & Allied Activities	81.5	78.4	72.7	64.1
Mining & Quarrying	0.5	0.6	0.5	0.5
Manufacturing	6.8	7.0	8.1	8.7
Electricity, Gas & Water Supply	0.2	0.2	0.2	0.2
Construction	1.7	2.3	4.9	11.1
Trade, Hotels & Restaurants	3.5	4.3	6.2	6.8
Transport, Storage & Communication	1.1	1.4	2.5	2.9
Other Services	4.9	5.7	5.1	5.7
Total	100.0	100.0	100.0	100.0

Source: Reddy *et al.* (2014: 12)

**Table 2: Distribution of Incremental Workers by Subsector in Rural India, 1983 to 2009-10**

(In Lakh)

Sectors	Increase in Workers per Year	
	1983 to 1993-94	1993-94 to 2009-10
Agriculture & Allied Activities	26.33	0.01 (0.05)
Mining & Quarrying	0.49	-0.95 (-3.56)
Manufacturing	3.46	2.40 (8.96)
Electricity, Gas & Water Supply	0.22	-0.31 (-1.14)
Construction	2.74	15.50 (57.88)
Trade (Wholesale & Retail)	3.26	4.88 (18.23)
Hotels & Restaurants	0.45	0.81 (3.04)
Transport, Storage & Communications	1.42	3.47 (12.96)
Other Services	4.37	0.96 (3.60)
Non-agricultural Activities	16.43	26.76 (99.95)
All sectors	42.75	26.77 (100.00)

Source: Bhaumik (2013: 361)

Note: Figures in brackets are percentage shares in incremental workers (UPSS basis).

**Table 3: Rural Non-Agriculture and Manufacturing Employment in Sample States, 1983-2012**

(Percentages)

State	Employment in Non-Agriculture Sector			
	1983	1993-94	2004-05	2011-12
Assam	20.7 (4.4)	21.1 (5.5)	25.7 (3.1)	38.0 (5.5)
Rajasthan	13.3 (4.3)	20.2 (4.6)	27.1 (5.8)	39.2 (5.2)

*Source:* Table A13.5 (State-wise Sectoral Distribution of Usual (Principal + Subsidiary) Status Workers) in Dev (2015: pp. 469-470).

*Note:* Figures in parentheses are employment shares of ‘Manufacturing’ within the Non-Agriculture Sector.

Beyond the numerical dimensions of rural non-farm employment several scholars have been perturbed by the fall in quality of employment. In fact, within rural non-farm employment, one observes a steady rise in casual employment as in 1983 (23.1 per cent), 1993-94 (25.2 per cent), 2004-05 (26.6 per cent) and 2009-10 (36.6 per cent). An important fall-out of rising casual employment relates to the precarious nature of work and poor remuneration across sectors. As observed by Reddy (2002: 62) “casualisation often cohabits occupational multiplicity, circulating labour, feminisation, child labour, contract labour and boded labour.”

While still a large proportion of rural employment is connected to the farm sector, the gradual changes in the peri-urban areas and deepening of linkages and dependence between the rural and urban areas have implied the rural non-farm employment has also been responding to newer opportunities of higher remuneration, flexible work contracts and scope to upgrade labour productivity. However, such a transformation in the quality of rural non-farm employment has been constrained by the fact of low levels of education and formal skills of rural labour who, eventually, are engaged in low-end, low-productivity jobs in urban industries, for instance, hardly having access to any social security provisions or even stability of employment. The number of these ‘informal’/‘unorganised’ workers has been on the rise in the so-called ‘formal’/ ‘organised’ industries; for instance, contract workers in the organised sector rose from 24.3 per cent in 2004-05 to 31.7 per cent in 2010-11, establishing informalisation intensifying in the organised manufacturing sector (Uchikawa, 2014: 11).

Moreover, an important aspect of the emerging structure of rural employment has been the growing marginalization of female workers, whose withdrawal from the wage work space has been pronounced during the recent decade or so (Kannan and Raveendran, 2012). It has been observed that having dropped out of the labour force, rural women engage in low paid informal work (Hirway, 2012).

### **Deindustrialization: Crafts and Artisans during the Colonial Period**

As has been widely documented, with large scale deindustrialization during the colonial period the artisans and their production suffered, often irreparably. Almost 150 years of colonial rule spanning since the early 19<sup>th</sup> century, starting with the rise of the stranglehold of the trade capital of the East India Company, witnessed the decline and collapse of much of the craft sector as it gave in to the destruction of market opportunities including abroad for Indian craft products, “fierce and unequal” competition of imports of machine-made goods and the spatial spread of modern industrialisation using railways during the period. The debate over characterizing India’s deindustrialization (the original proponents of the thesis being nationalist-intellectuals as Dadabhai Naoroji, M.G. Ranade, Romesh Chunder Dutt and Rajani Palme Dutt) during the colonial period has had bitter opponents. While several distinguished economic and social historians (notably, Amiya Kumar Bagchi, Bipan Chandra and Tapan Roychaudhuri) unequivocally held the anti-India repressive commercial policies of the colonial rule responsible for the massive crisis in the indigenous manufacturing sector that resulted in an unprecedented drop in the number of workers engaged in craft and other non-farm activities a few (particularly, Morris D. Morris, Daniel Thorner and Tirthankar Roy) held on to their view that it was not the case. Nevertheless, “most scholars agree that the impact of machine-made manufactured goods was harmful for India’s weavers and other craftsmen for most of the 19<sup>th</sup> century...Hence, de-industrialization did occur but not in an unqualified, linear and uninterrupted manner”.<sup>1</sup>

An important concern was the sharp decline in the number of workers in the traditional non-farm activities at the expense of the non-factory sector between 1901 and 1951. Particularly, in rural areas “the decline in employment in

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<sup>1</sup> For a lucid recapitulation, see, Nafeesa, Amreen ‘Deindustrialization vs Industrialization in the Colonial Era’, Virtual Learning Environment, University of Delhi. <<http://vle.du.ac.in/mod/book/print.php?id=10531>> (Accessed August 20, 2016).

handicrafts may have been larger” (Krishnamurty, 1984: 540). A crucial aspect that has received rather scant attention in the deindustrialization discourse relates to the fact that in several of activities there was a substantial drop in female workers which spelt disaster for these rural enterprises which depended heavily on their skill and work. As painstakingly evidenced and argued by Roy (2005; Chapters 7 and 8, in particular), with wage work gaining currency “a steady and pronounced de-feminization of the industrial workforce” of the artisan sector was effected through the double whammy of “barriers to entry into the factory as well as barriers to exit from home to join work-sites far away from home” (Roy, 2005: 116). Very briefly, women workers were disadvantaged by low investment (compared to their male counterparts) in their skill formation; severely restricted mobility (again compared to men) socially as well as with reference to possession of skill, capital and technology; and a certain “gender-independence” in the labour process that was organized differently in factories by *disintegrating* female work.

It has been argued that despite the upstaging of indigenously manufactured goods by the machine-made products the demand for traditional goods existed and this helped survive the craft sector through the difficult colonial period. Further, in this process of adjustment to the impending crisis in the craft sector, quite a few craft activities and crafts persons shifted over to urban areas and managed to sustain their business. That the state played little or no role in protecting the interests of crafts persons is not unknown.

### **Crafts as Work and Enterprise: Falling Out of Favour**

The rise of the non-farm sector in rural India, in term of income and employment shares, has been observed at least since the early 1980s. This increase, however, has *not* been due to any commensurate performance of the rural industries that largely include the traditional or craft sector.

An important change in the structure of rural employment has been a clear decline in the share of agricultural activities. As shown in Table 1, the proportion had declined from 81.5 per cent in 1983 to 78.4 per cent a decade later in 1993-94 and a much sharper decline is visible between 1993-94 and 2011-12 to 64.1 per cent. That agriculture has been failing to support employment in rural India is marked not only by the growing fragmentation of land holdings but increasing farm mechanisation that displaces labour. Further, barring a few regions, low investment in farm infrastructure and

advanced agronomic practices has stymied possibilities of a strong farm-non-farm linkages (and transformation) somewhat in line with what Mellor (1976) had envisioned. Rural industries, by implication, have neither been strengthened by the farming sector as a raw material provider, nor buoyed by the farming community as a buyer of their goods.

The low income from agriculture is established by the fact that as many as 68.57 million households (or 38.27 per cent) are “landless” and depend upon manual casual labour as the main source of income. “Moreover, with a rather difficult target of an annual growth rate of agricultural income to reaching anywhere close to 4 per cent during 2013-14, marginal and small farmers have little to expect from the farm sector to contribute towards boosting the non-farm sector” (Das, 2015: 133). Apart from the incapacity of the farm sector to play a complementary role in terms of investments of farm surplus into rural industries, there have been other serious deterrents to enterprise dynamism and growth. A brief discussion on these constraints is in order to appreciate the crisis that has besieged the craft clusters in rural India.

### ***Raw Material Availability and Quality***

The craft clusters are typically based on working on natural resources available in the proximity and/or the key raw material made available easily at a low cost or even free. So far as the natural resource based raw materials are concerned, the most common ones would be wood, timber, leaves, cotton, bamboo, reeds, husk, shell, gums, lac, clay, stones (including precious), rocks, metals, glass, bones, skin and hides, horns, hair, wool and so on. It is important to appreciate that several of these raw materials are derived from forests – trees and animals, to be specific. With the forest coverage on the decline and legal restrictions on collecting even minor forest produce becoming commonplace several of the craft enterprises are finding it difficult to be in business, despite having the requisite skill, techniques and implements/tools. Similar is the case with other materials extracted/mined from the earth’s surface. Rapid pace of urbanisation and real estate growth have put pressure on certain craft clusters which procured the raw material – clay, sand, stones, etc. – from the land often free of cost. Additionally, there have been concerns by the artisans regarding the falling quality of several of the raw materials or cheap availability of counterfeit alternatives ultimately adversely affecting artisans’ income earning options. Eventually,

the crisis in raw material has led to the decline of crafts and craft clusters, for that matter.

### *Absence of Initiatives to Create Awareness and Access Potential Markets*

In all probability, the most difficult challenge facing the craft clusters has been access to potential markets, whether at the regional/state, national or international level. Several of the crafts have either met their end or have been on the decline as the artisans are not able to sell their products at a reasonably good price. In fact, there is hardly any policy support to explore possibilities looking beyond the local markets and gather information regarding the expectations of buyers and even wholesale and retail traders outside the local markets. It is important to recognise that the perspective on the craft sector needs to change substantively moving away from the obsession with the supply side role in marketing to appreciate the profile of emerging demand as from different consumers across space. This is not to undermine the speciality and cultural attributes of skill and purpose underlying the craft product, rather to emphasize that “the market demand for such products remain poorly articulated mainly due to inadequate or no availability of information about the special features of these artefacts. The overwhelming presence of machine-made and standardized goods from the modern sector advertised and marketed vigorously come in direct conflict with those forthcoming from the handicraft sector” (Das and Lalitha, 2015: 2).

Even as most craft products are made with locally available raw materials, informal family-centric crafts training passed on from generation to generation and production takes place in small batches these have posed no constraint to the preference by consumers who, in fact, are *not* looking for standardised and *uniform* artefacts. Hence, it would be incorrect to presume that several crafts (or even the sector) face a crisis typified as the ‘sunset syndrome’ whereby a rapid decline in market for these artefacts assumes alarming proportions. Such an eventuality calls for a distinctly different strategy that would ensure the artisans realise the maximum possible value for their efforts, receive adequate training and re-training inputs towards diversifying their products using newer techniques and materials, if necessitated by the changing consumer preferences across hierarchies of markets from local to the regional to

the national to the global. Interventions in enhancing market access would also involve spreading information to customers on the history, materials, processes and any cultural or social values characterising the artefacts. These call for a serious relook into the relevance and implementation of existing policy instruments to promote craft products. “The challenge therefore is not one of market threat but rather fostering the capacity of artisans to negotiate effectively with the market, and effectively protect their own interests within a situation of constant change and unrelenting competition” (Chatterjee, 2014: 17).

### ***Policy Myopia and Dysfunctional Institutions***

The very defining of handicrafts in the official parlance suggests a narrow and limiting vision about the sector as it precludes the potential of adopting a dynamic view of the activities. According to the Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, “Handicrafts are mostly defined as items made by hand, often with the use of simple tools, and are generally artistic and/or traditional in nature. They are also objects of utility and objects of decoration.” The reluctance in according craft activities the status of rural industries which, quite intently, needed modern inputs, artisan enterprises have continued to wriggle within the curtailed possibilities of diversification and greater productivity. The prerequisite to preserve and take pride in the craft and its associated culture notwithstanding efforts at providing business services, technology backstopping and helping enhance labour productivity through skill training at the enterprise and cluster level cannot be overstated.

As, conventionally, craft units (and artisans) are found co-located in enterprise clusters, fostering crafts through cluster development approach has attracted the fancy of policy makers since the early 2000s or so. Drawing upon a “straight-jacketed” UNIDO’s cluster development program in the late 1990s the extant policy initiatives in craft cluster promotion leave much to be desired. These approaches are based on limited understanding of the dynamics of and constraints facing rural enterprises and deeply-flawed sectoral obsessions. Serious criticisms of these inadequate initiatives and myopic perspectives have been proffered earlier (Das, 2005a, 2005b and 2011a). Ignoring specificities of regional infirmities, within which rural clusters function “clusters of all types have been treated

more as mere MSMEs and that poor understanding has led to confusion in addressing specific issues facing rural clusters. It is, hence, often difficult to segregate, in a useful manner, policies for clusters in general and those stated to be for *rural* clusters” (Das, 2011a: 292).

## **Rural Craft Enterprises and Clusters: Policy Relegated**

Cottage and rural enterprises have received policy emphasis since at least 1938 as may be seen in the Rural and cottage industries, report of the sub-committee brought out under the aegis of the that formed part of the National Planning Committee (Shah, 1948). These have been construed as a vital mechanism for generating jobs (across levels of skill, education and age) and local income, using local resources. Rural craft-based enterprises contribute to local income and employment generation in a substantive manner and being often local craft and material based these have served as workshops of innovation. In a manner, these rural enterprises have played a role in dissuading distress-driven rural to urban migration. The severely inadequate policy attention to various constraints facing rural enterprises has serious implications in terms of their growth and survival. These enterprises are facing challenges of upgrading product quality, access to wider market, multi-skilling labour, accessing credit and adequate business infrastructure, and protecting the environment.

A close review of Indian Plan and other policy documents over the last 65 years or so since Planning began brings out an atypical phenomenon in national industrial policy that while the policy eulogised and mentioned promoting of rural industries (essentially, the khadi and village industries) time and again, the bias against it (at least in terms of actual investment in building business infrastructure, providing for adequate loan finance and helping promote market linkages and facilitating raw material procurement) has been real and significant. That the large and modern industries have amassed maximum state benefits is well established.

At least since the Second Plan an overemphasis upon the potential of the craft sector in creating employment has remained a policy rhetoric as strategies to enhance labour productivity, broad-basing skill sets through enhancing educational abilities of workers, training and re-training provisions and building up technological capabilities of the craft units and/or clusters have hardly been thought through. For instance, the



“Common Production Programme was repeatedly advocated but was never introduced (perhaps under pressure from big business lobby) in any industry, thus upsetting the most vital link needed to give the village industries a chance for survival. Even minor attempts at common production programmes could not make headway because the administrative arrangements that exist are at best an appendage” (Jain, 1980: 1748). Over the decades, through a series of rural industrialisation programmes or schemes upgradation of technological and organisational capabilities of enterprises has often been highlighted as an important way to progress. In fact, some of the early articulation of such perspectives could be traced to what the important Karve Committee had to observe six decades ago. It held that creation of jobs remaining the key objective, there was no alternative to invest in infrastructure, upgrading technology and exploring markets at all levels both at the domestic and international spheres. It clarified that “any development programme for small industry should be decentralised, aimed at gradual improvement in techniques *without reducing job opportunities*, assure marketing through co-operatives, and aim at positive promotional support rather than enforce protection or reservation” (Vepa, 1971: 19; emphasis ours).

The policy domain, nevertheless, remained confounded over what exactly to do in dealing with a traditional sector like the crafts apart from suggesting that this could generate employment and income even of a low order. There have been, however, voices of concern regarding a certain policy obstinacy or even ignorance if to modify existing processes, techniques and materials to upgrade product quality or help diversify keeping an eye on a potential and even unexplored market (Bhatt, 1998). Early on, Papola and Misra (1980: 1745) observed that “If village industries are to cater to the local needs, it seems necessary that technology of the traditional industries is refurbished to meet new demands; and new products are introduced for manufacturing in the rural areas. An approach based on an emphasis on traditional products and technology is highly unlikely to succeed as a mode of rural industrialisation for income and employment generation”. Suggestions included minimal mechanisation, introduction of electricity, imparting new skills through training and periodic exposure and interaction with other similar activities elsewhere, even abroad.

Over the decades, since the First Five Year Plan onwards, the neglect of rural industries and craft clusters, in particular, has continued. In a review of the policy on handicrafts spanning three decades (1955-85), it was rued that “the resources and attention received by the handicrafts sector, relative to its contribution to employment and foreign exchange at the hands of the Plan, bear no comment. What bears comment however, is that some of the acute problems of the craftsmen – of (1) working and living space, (2) health facilities, (3) orderly supply of raw materials, (4) relief from the burden of training skilled workers which is now entirely on their lean shoulders and (5) some cushion against trade risks...cry for attention” (Jain, 1986: 881). This is not to suggest that there have not been separate policy programmes specific to the craft sector or artisans. That often there have been serious deficiencies in implementation and fund crunch have been pointed out; the economic reforms since 1991 further stymied the scope of survival and growth of rural enterprises (Chadha and Sahu, 2005; Das, 2005b, 2011b, 2013 and 2015). Interestingly, even the recent policy suggestions, as detailed in Government of India (2011: 18-25), touch upon all possible areas ranging from artisan welfare to cluster development to export of craft products. Table 4 provides a few of the central government schemes for artisans in operation. However, the SWOT analysis in the same document (Government of India, 2011: 33-34) reveals the continuance of a plethora of constraints attributable to policy lapses; similar critical comments are also made in Das and Lalitha (2015: 21-24)

**Table 4: Various Artisan Sector Related Policy Initiatives**

<p><b>Babasaheb Ambedkar Hastshilp Vikas Yojana</b></p> <p>It provides for a package of benefits to the clusters of various crafts to mobilize and form self-help groups (SHGs) facilitating participation in training programmes, design workshops, exhibitions and common facility centers. The collective also helps as guarantee against loan finance by individual artisans. About a lakh artisans have now availed this facility.</p>
<p><b>Scheme for Design and Technology Upgradation</b></p> <p>This scheme aims to provide design and technology related inputs including skill upgradation to the handicraft artisans to improve their productivity, quality and better marketability of their products. Its major components include craft awareness program, design and development workshop, supply of tools, safety equipments, integrated design and technology development projects. The financial assistance ranges between Rs. 10000 and Rs. 10 lakh and would be available as grant-in-aid by the DC(Handicrafts).</p>

### **Artisans Comprehensive Welfare Schemes**

In order to address the welfare needs of artisan, this scheme includes the following:

#### ***Artisan Credit Cards:***

Financial assistance will be provided to the tune of Rs.500/- for the number of persons to be surveyed in the form of grant in aid subject to a maximum of Rs. 1.50 lakh per cluster up to a cluster size of 500 artisans.

#### ***Rajiv Gandhi ShilpiSwasthyaBimaYojana (RGSSBY)***

The scheme aims at financially enabling the artisans' community to access to the best of healthcare facilities in the country with the share of financial assistance of the central government at 75 per cent and that of the state government at 25 per cent.

#### ***AamAdmiBimaYojana (AABY)***

The objective of this scheme is to provide life insurance protection to the artisans; the financial contribution would be shared as follows: central government (62 per cent), Life Insurance Corporation (21 per cent) and artisan (17 per cent).

Other schemes are:

***Support to Indigent Artisans, Credit Guarantee Scheme, Interest Subvention Scheme, Issue of Identity Cards and Creation of Database***

### **Human Resource Development Scheme**

This scheme has been formulated to provide qualified and trained workforce capable of establishing a strong production base striving for improving product quality as well using appropriate techniques, processes and innovative designs to meet present day market requirements.

### **Marketing Support & Services Scheme**

The aim of the scheme is to promote export of handicrafts including hand-knitted carpets and floor coverings in India and abroad. The financial ceiling for GSB and Craft bazars is based on classification of towns.

### **Research & Development Scheme**

The scheme involves conducting surveys and studies of important crafts and make in-depth analysis of specific aspects and problems of handicrafts in order to generate useful inputs to aid policy Planning and fine tune the ongoing initiatives; and to have independent evaluation of the schemes implemented by this office.

### **Infrastructure and Technology Development Scheme**

The scheme aims at the development of world class infrastructure in the country to support handicraft production, and enhance the product quality and cut the cost to enable it to compete in the world market. The scheme includes promotion of Urban Haat and Mini Urban Haat with DC (Handicrafts) bearing 70 per cent and 80 per cent, respectively, of the admissible financial cost subject to prescribed ceilings.

Source : Draws upon Das and Lalitha (2015: 21-24) and Government of India (2011: 19-25).

The low wages to workers engaged in craft activities and poor income from the craft products needed a proactive policy thrust far beyond the occasional fairs and some financial schemes which reached only a small proportion of artisans.

### **Official Statistics on Crafts and Artisans: Gross Neglect**

A clear evidence of gross neglect meted to the Indian craft sector relates to an absence of such basic data as on the number of crafts, artisans, workers, wages, value of output, value of input, income, marketing and exports. Even as this sector has been an important source of employment and income to millions of artisans across the country, in all probability, second only to agriculture, reliable official statistics on this sector, unfortunately, is unavailable. In fact, the only somewhat complete information source remains the first *Census of Handicrafts, 1995-96*. This had affirmed that artisanal activities were predominantly carried out in the unorganized sector and were spread over all states (Ameta, 2003). The dominant rurality of the craft sector could be gauged from the fact that 78.2 per cent of enterprises and 76.5 per cent of artisans working in these units were based in rural areas and village towns. As high as 96.27 per cent of the artisans worked at the household level. By religion, about 70 per cent of the artisans were Hindus, 23 per cent Muslims, 4 per cent Christians, and 2 per cent Sikhs. It revealed that artisans comprised 23 per cent of the Scheduled Castes, 11 per cent of Scheduled Tribes, 30 per cent of backward communities and 36 per cent others.

The subsequent comprehensive attempt to estimate the number of people involved with handicraft and handloom activities in India was undertaken on behalf of the Crafts Council of India, Chennai during the period 2009-10 to understand the nature of information available to enumerate the crafts population using large scale secondary data sources. In April 2013, in the Lok Sabha the then minister of state for textiles replied that “The census of handicrafts artisans is now in progress... The government has engaged reputed agencies to complete the census of artisans.” An indicative estimate of number of artisans for 2010-11 was 68.86 lakh. The first *Census of Handicrafts* of 1995-96 had put this figure at 47.61 lakh.<sup>2</sup>

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<sup>2</sup> [http://articles.economictimes.indiatimes.com/2013-04-29/news/38904849\\_1\\_artisans-handicrafts-census](http://articles.economictimes.indiatimes.com/2013-04-29/news/38904849_1_artisans-handicrafts-census) (Accessed March 10, 2015).

The widely varying estimates of persons engaged in crafts based on NSSO and the Population Census are due to the differences in database and definitions used to identify a craftsman. As Viswanathan (2013) would argue, the Census data has an excellent geographic coverage but is lean in terms of details of the work. The occupational classification cannot be overlaid on the industrial classification to understand the nature of activities performed by the crafts persons. Further, it does not include marginal workers and also does not provide information for those involved in home based activities. The NSSO sampling helps in generating overall craft population estimates and provides several other details about the socio-economic conditions of the crafts persons. Both occupational classification and industrial classification can be used to arrive at the estimates. The excellent attempt by Viswanathan (2013) to estimate number of artisans drawing upon alternative sources has confirmed the huge discrepancy in final figures arrived at as between sources and methods; the self-explanatory Table 5 presents the key information by state.

**Table 5: Statewise Crafts Population Based on Different Definitions (NSSO: 2004-05 and Census: 2001)**

(in thousand)

States	CCI-census	CCI-NSSO	DC-H-NSSO	LR-NSSO
Jammu & Kashmir	244.74	175.79	144.23	146.34
Himachal Pradesh	144.38	61.10	15.08	18.26
Punjab	927.20	395.35	166.97	152.96
Uttaranchal	184.90	31.19	11.83	5.67
Haryana	660.14	385.79	87.83	154.82
Delhi	888.30	255.79	112.50	171.34
Rajasthan	1729.65	714.12	307.45	637.92
Uttar Pradesh	3578.05	3109.67	1899.90	1922.41
Bihar	989.60	469.02	182.66	219.85
Sikkim	12.42	2.33	0.25	0.33
Arunachal Pradesh	14.13	1.62	0.48	1.79
Nagaland	16.57	22.43	16.10	15.74
Manipur	59.49	37.10	28.97	25.64
Mizoram	14.66	3.27	0.32	0.50
Tripura	64.75	27.52	8.12	10.97
Meghalaya	28.24	30.44	22.17	27.12
Assam	414.27	156.98	79.99	88.11
West Bengal	3159.43	1367.48	865.01	1199.69
Jharkhand	568.55	245.09	176.89	183.91
Odisha	726.50	933.37	457.88	564.95

States	CCI-census	CCI-NSSO	DC-H-NSSO	LR-NSSO
Chhattisgarh	372.40	187.59	111.79	97.18
Madhya Pradesh	1136.06	581.08	350.03	273.53
Gujarat	2555.74	1519.41	928.74	1389.80
Maharashtra	3461.14	1525.44	547.06	872.86
Andhra Pradesh	2382.95	1208.27	814.95	989.19
Karnataka	1760.03	620.42	313.98	470.02
Goa	58.91	5.80	2.29	2.29
Kerala	1371.88	492.77	236.84	198.66
Tamil Nadu	3417.80	2187.78	1283.32	1657.56
All India	31098.72	16794.73	9186.13	11518.58

*Source:* Viswanathan (2013: 47)

For sure, even officially, no one knows how many crafts and artisans engaged therein exist (or, existed) in India. This is despite an earnest recognition of these playing a significant part in the emerging and changing spheres of culture, tradition and work. The remarkable (and somewhat disturbing) hiatus in knowledge is possible to attribute to an inadequate and/or no understanding about the significance of this activity as it remains a source of employment, income and pride.

## **Two Craft Clusters from Rural Rajasthan and Assam**

In the absence of reliable official statistics on craft clusters in rural India, based on informal sources of information, two clusters have been chosen for discussions here. These are i. the clay terracotta cluster in Molela in the western Indian state of Rajasthan and ii. the bamboo craft cluster in Barpeta in the north eastern state of Assam. Detailed household and village level surveys had been conducted in both the clusters based on structured interviews with artisans as well as other relevant stakeholders in the villages.

The over 400-year old votive terracotta cluster has survived largely catering to local demand and there has been minimal diversification of the products to shapes and designs which are somewhat modern and at times utility oriented as bells, stylised lamps, door/wall hangings and so on. This is a classic instance where hardly any innovation in product or process has taken place over the centuries. Currently, this craft cluster engages a total of 55 households (all surveyed) who carry out this exclusively traditional skill based manual work at their homestead. The key raw material used is clay from the local ponds and water bodies and is mixed with rice chaff and

donkey dung to strengthen the clay lump or *pindi*. These are then mounted on *patiyas* (small flat wooden bases) and given intricate shapes often with hollow exteriors as and when required. These are then dried and fired in local *bhattis* before being stacked for customers. Interestingly, the families pursuing this craft have originally migrated from nearby Bagol village and settled in.

The brittle, heavy and localised terracotta products from the Molela cluster have been facing a new crisis of dwindling of its very raw material – the local clay – due to real estate developers taking over the land where clay was a free good till recent years. There has been practically no state support in terms of facilitating marketing of the products or providing for a common facility centre (CFC) so essential for collective learning and sharing of tools and ideas in a cluster. As the market for these goods has been dictated by local demand informal and often unscrupulous manner of doing business have destroyed the spirit of mutual cooperation and have resulted in mistrust between artisan households. One important outcome of such a situation of low-end production and improper marketing has been that price competition has emerged the central practice of doing business. Under-selling the otherwise less-pricey goods has resulted in poor income for the artisan households. One commonly adopted approach to address this by the household units has been to underpay the hired workers to save on labour cost, at least. Of the total 161 workers those skilled accounted for 100 (62.1 per cent) and the average number of workers per unit worked out to be 2.9, suggesting the cluster comprised almost entirely of tiny enterprises. The artisans and the family members who work as unpaid workers do not find the activity remunerative.

As may be observed from Table 6, the mode of payment of wages is piece rate based and the rates *per se* are extremely low. If one estimates the daily earnings (of course, for only days of work) the income earned by either the skilled or unskilled workers is higher than respective prescribed Minimum Wages in 2011 (the year of field survey) by the state of Rajasthan which was Rs. 135 for ‘Unskilled’ workers and Rs. 155 for ‘Skilled’ (Rs. 205 for ‘Highly Skilled’) workers. What is important to note is that while the craft work is purely seasonal and highly uncertain, it still remains a better source of income than that of the farm sector which is more uncertain and limited in scope so far as acting as a source of employment in the arid region.

**Table 6: Wages and Mode of Payment in the Terracotta Cluster, Molela, Rajasthan**  
(Rs.)

Piece/Job	Piece Rate		Average Daily Earning	
	Skilled	Unskilled	Skilled	Unskilled
Statue	200	150	300	200
Tiles	50	-	500	-
Utensils	10	-	100	-
Casual worker*	250	200	250	200

*Source:* Field Survey.

*Note:* \* Wages per working day.

The bamboo craft cluster in Barpeta in its present organised form is about 50 years old and is known for the dexterity of craftspersons; in fact, apart from the regular decorative (wall hangings, pictures, fancy ornaments, etc.) and utility (furniture, baskets, containers, incense sticks, etc.) items the cluster has showcased intricate work as decorative partition screens, finely woven show-piece umbrella and several attractive artefacts. Unlike the Molela cluster, this cluster has access to abundant supply of its sole raw material – bamboo. Moreover, the cluster has emerged as a major supplier to the North Eastern Handicrafts and Handlooms Development Corporation (NEHHDC) Ltd. This cluster, however, faces serious constraints as unreliable supply of power, poor market links, inadequate loan capital and absence of scope to diversify to quality products and processes through technological upgradation. Even as in this cluster there exists a CFC, set up under the central government's Scheme of Fund for Regeneration of Traditional Industries (SFURTI), it has remained grossly unused as practically no local craftsman is keen to be trained here. The artisans are mostly using the cutting and drilling machines as they are not acquainted with the operation and benefit of some of the machineries kept at the CFC. In the absence of any initiatives to familiarise or train the artisans to use the machineries installed, the potential for enhancing labour productivity has been missed. For instance, for the furniture making, had the moulding process been introduced as part of the CFC scheme it would have contributed to labour income and demand as well.

The survey of the 60 craft enterprises (of about 1500) revealed that almost entirely the units operated from own homestead, Muslims being the predominant artisans. Of the total 212 workers covered in the field surveys 113 (or, about 53 per cent) were skilled workers. On an average, they



were able to earn Rs. 250-300 per day. This can be said to be sufficiently higher as compared to similar other artisanal clusters operating in nearby areas; for instance, in the Kayakuchi bamboo cluster the daily earning was much lower at Rs. 50-60. The division of labour was clear in that males would undertake the initial semi-processing of the bamboos followed by women and children doing the more labour intensive and finer components of the products. The future of the cluster is very much dependent upon the nature and expansion of markets for bamboo furniture and other household articles.

The rather brief discussions on the two different craft clusters in rural India share a number of characteristics having implications for work and earnings for the artisans. The clusters have thrived entirely on locally available natural raw materials and traditionally developed skills/techniques using simple and age-old tools. This has implied that the suitability of the products for sale would be affected by the value to weight ratio and/or value to brittleness/perishability<sup>3</sup> ratio in targeting the market (whether the local, regional/subnational, national or global). “Terracotta items or bamboo products, for instance, could be highly restricted in terms of serving higher levels of markets merely due to the physical characteristics of the raw material used. Similarly, the production of certain items would be severely constrained by the techniques of production or designs that include, for instance, manual processes and/or inefficient or inappropriate fuel and energy” (Das, 2015: 142).

The nature of local and regional markets influence their craft and business practices including opting for small batch production. It is useful to note that in the absence of developed market channels in rural areas for craft products, intermediaries as traders and subcontractors emerge as key business dealers. For instance, traders accounted for as high as 39 per cent and 96 per cent, respectively, in case of the terracotta cluster and bamboo craft cluster. The common experience has been that the price paid by these middlemen to artisans is much below compared to the price at which they manage to sell. As the prices needed to be kept low to render these items affordable in the low-end markets, labour cost cutting emerges as an important strategy of business.

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<sup>3</sup> Grades could be assigned instead of exact quantitative values. See, Blattberg *et al.* (1981) for an elaboration.

The prevalent mode of payment for artisans remains piece rate based and rates vary significantly across type of activity or objects or their parts made; skill levels would decide the average daily earnings of workers. However, as the craft activities are not undertaken year round either due to seasonality of raw material access or demand crunch the average annual earnings from the craft clusters often remain abysmally low depending upon limited number of days of work. In the absence of any state regulation or vigilance the micro units derive their sustenance through perpetuating poor working conditions, exploitation of family labour and practically no provision for training and skill upgradation. Moreover, in the absence of incentives to innovate and improve product and process standards the prices are set low leading to a situation whereby crafts have become a livelihood strategy to survive barely. The clusters pursue informal work arrangements adding to the uncertainties of labour in their pursuit of a livelihood option.

## **Concluding Observations**

With the farm sector continuing with unimpressive performance in terms of the growth of value of output, agricultural infrastructure and also sustained massive rise in the landless agricultural labourers, marginal and small farmers non-farm employment remains a potential source of local income and job generation. Majority of the non-farm or off-farm jobs appears to be in urban areas whether close-by or far-flung. A growing phenomenon of rural-urban migration has emerged as the most pragmatic coping mechanism that the rural poor and unemployed opted for. This has been irrespective of the fact that most migrant workers with no or little employable skills and access to supportive institutional networks have ended up in hostile urban environs earning and living low. To observe that most of these migrant workers are exploited by their employers and are not covered by any social security measures is to make an under-statement. Several of these workers are temporary or seasonal migrants shuttling between their roots and occasional spaces of livelihood.

The precarious nature of distress migration from rural to urban areas leaves one sector as a plausible source of work and income – rural enterprises, usually in clusters. Interestingly, more than half of MSMEs in India are located in rural areas or what are also often called ‘village towns’. As between the Second (1987-88) and Fourth (2006-07) *Censuses* of small enterprises or MSMEs the number of units in rural areas has witnessed a staggering increase from about 0.2 million to 13.5 million in just a couple of decades. The issue of concern has been that the proportion of informal

units in these enterprises has remained over 90 per cent across *Censuses* with the figure touching around 95 per cent as revealed in the *Fourth MSME Census*. Further, unconfirmed estimates suggest that of the around 6400 clusters in India as high as about 94 per cent of these are craft (both handlooms and handicrafts) related. It is widely acknowledged that most of these craft clusters are besieged with serious constraints as limited or no access to loan finance, technology support, business infrastructure and wider markets. A critical area in which most rural craft clusters are deficient in concerns the use of electricity at the enterprise level. As argued on earlier occasions “This one-off intervention *per se* has the potential to transform the productivity and innovative capability of rural clusters significantly” (Das, 2015: 139). These limitations have also acted as disincentives to engage in innovations both at the product or processes spheres.

That state policies have hardly helped preserve and promote craft skills and business is justified by the fact that there is no reliable and comprehensive official statistics on the craft activities and that implies whatever schemes meant for artisans or their products would not be reaching most of the craftsmen. As quite a number of crafts are on the decline (including those known as *languishing* crafts, on the verge of a complete collapse, as referred to in Ranjan and Ranjan (2007)) due to raw material crisis, skill shortage and dwindling demand craft clusters in rural India are no longer the potential sources of large scale employment and income generation. A variety of institutional constraints facing these clusters over the decades reaffirm the neglect meted out to artisans and all those who assist them.

Considering craft enterprises as industrial activities and sources of business it must be recognized that to build up the technological capability of a craft cluster would necessarily involve the *endowments of the spatiality* as social, physical and economic infrastructure and the *enabling* institutions. That the Indian approach to promotion of craft clusters, compared to the fascinating policy initiatives taken even in Asian economies<sup>4</sup>, lack in insights and proactive policy instruments has been discussed at length elsewhere (Das, 2008 and 2015). The two case studies of rural craft clusters in Rajasthan and Assam affirm this observation.

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<sup>4</sup> The innovative initiatives as the ‘One Village One Product’ (OVOP) programme in Japan or, its close variant, the ‘One Tambon One Product’ (OTOP) approach in Thailand provide important insights into how to expand market access of craft products through carrying out improvements in products, processes and institutional networking (Das, 2008: 22-25).

Under these circumstances, there is practically no scope for addressing concerns of labour. As both the production and labour processes are steeped in informal practices decent work conditions are practically absent in these enterprises. Chances of raising labour productivity are as rare as the likelihood of being paid commensurate with one's labour productivity. As perceptively argued by Saith (2001: 119), "Given the disadvantages of deep rural locations and the higher transactions costs involved" it would be preposterous to presume that policy induced rural clusters would be sustainable, efficient and competitive. In that sense, expectations of rural clusters to emerge as sources of employment or even to address poverty would be misplaced. Moreover, a close perusal of rural/craft cluster development approaches in India (as almost summarily determined by the highly problematic *labour-shy* mid-1990s cluster development programme of the UNIDO) reveals that these much-touted approaches did maintain a strategic silence on the labour question in clusters<sup>5</sup> severely disadvantaged by informality, rurality and a despair that has come to characterise craft as a respectable and sustainable profession.

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<sup>5</sup> For the earliest critique on the labour dimension missing in cluster development approaches, see Das (1999).

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The major areas of research at the Institute are the following:

### 1. **Natural Resources Management, Agriculture and Climate Change**

Research under this area concerns the broad realm of environment and development. Studies have focused on economic viability, equity, environmental impact assessment and institutional mechanisms. Issues in common property land resources, land use and water harvesting have been researched extensively. Implications of climate change risks for Asia and the adaptation and mitigation strategies at the local levels have begun to be studied.

### 2. **Industry, Infrastructure and Trade**

The main themes include policy dimensions concerning the micro, small and medium enterprises, industrial clusters and intellectual property rights. Studies on basic infrastructure and linkages between infrastructure and regional growth have also been carried out. Trade and development and finance are new areas of interest.

### 3. **Employment, Migration and Urbanisation**

Studies under this theme relate to employment, labour, diversification of economic activities and migration. International migration has emerged as an additional theme along with urban services and aspects of urban economy and governance.

### 4. **Poverty and Human Development**

Issues examined include access, achievement and financing of education and health sectors. Studies on poverty relate to conceptual and measurement aspects, quality of life, livelihood options and social infrastructure. There is an increasing interest in understanding urban poverty, rural-urban linkages and issues in microfinance.

### 5. **Regional Development, Institutions and Governance**

Recent studies enquire into regional underdevelopment and the dynamics of local level institutions. Tribal area development mainly relating to livelihood promotion and human resource development has been a focus area. Recent analyses have also looked into Panchayati Raj Institutions, Forest Rights Act, MGNREGA and Right to Education Act.

Much of the research informs national and regional policies. The Institute also undertakes collaborative research and has a network with governments, academic institutions, international organisations and NGOs. A foray into specialized training and doctoral programme has just been made.



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