

An Analysis on Financial Problems of Tamil Nadu Handicraft Sector

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Abstract

India is a country where millions of people still retain traditional skills and expertise for handicraft production. Indian handicrafts are a highly labour-intensive, cottage-based, and decentralised business. This industry provides the second-highest level of employment after agriculture, employing approximately six million craftspeople, including the whole population of the poorer portion of society, including women. This industry is equally critical to the economy, and it spans the country, from rural to metropolitan locations. The sector faces financial difficulties, including difficulty obtaining an adequate loan from financial agencies, accessing loans only at a high-interest rate, reliance on informal money lenders due to the inadequacy of formal financial institutions' loans, inability of businesses to expand due to high-interest rates, and a lack of knowledge regarding accounting procedures and maintaining a set of records. This study paper identifies many financial difficulties faced by artisans engaged in producing handicrafts in Tamil Nadu.

Key Words: Handicraft sector. Artisans, financial problems.

Introduction

Given the status of the Indian economy, the handicraft sector has arisen as a focal point of interest for researchers, academicians, practitioners, and other connected players. The industry has been critical in boosting regional growth, particularly in rural regions, and reducing the economy's imbalances. The remarkable ability of the handicraft industry to contribute to sustainable development has piqued the interest of current academics since the sector caters to not only the existing set of millions of artisans but also to a huge number of recruits.

Handicrafts Sector in India: An Overview

India is a country rich in ethnic customs and culture and a repository of Indian handicrafts. Exquisite handicrafts made from various raw materials are gathered from all across the country. This category comprises art metalware, woodware, hand-printed fabrics and scarves, leather crafts, hand-knotted carpets and embroidered items, wood design, shawls as art objects, stone sculptures, imitation jewellery, and other miscellaneous handicrafts. One

of the distinctive characteristics of handicrafts is that identical items created in various places vary in terms of artistry, design, colour combination, and finish due to artesian ingenuity. The Indian handicrafts sector is a highly labour-intensive cottage economy dispersed, spanning rural and urban locations throughout the country. Numerous artisans work part-time in crafts. The handicrafts sector contributes significantly to the country's development in employment, output generation, and wealth creation (Syed Khalid-2012). Often, society's handicrafts become the primary source of income.

Additionally, it meets the everyday needs of the populace and employs members of the society's families, which contributes to socio-economic growth. Over six million craftsmen are employed in the business, including many women and members of the poorest parts of society. The handicrafts sector contributes significantly and significantly to the country's economy. It employs a sizable percentage of rural and semi-urban craft workers and earns significant foreign exchange while conserving its cultural legacy. Handicrafts have enormous potential, as they hold the key to supporting the existing set of millions of craftsmen dispersed over the length and width of the country and attracting a rising number of new artisans. At the moment, handicrafts contribute significantly to job creation and exports. Apart from the great employment potential, the industry is economically significant due to minimal capital investment, a high-value addition ratio, and a strong potential for export and foreign exchange profits.

The handicraft industry is still being thoroughly investigated to capitalise on further prospects, such as its contribution to the state's socio-economic growth. To maximise the value of this asset, it is necessary to establish it as a benchmark and develop new procedures and instruments that will enable it to stabilise as a competitive edge in the global market. There is a need to focus on the hidden obstacles and opportunities that will enable the Indian subcontinent's millions of skilled and semi-skilled artisans to carve out a niche in the global business environment and facilitate the process of wealth creation and employment generation necessary to raise their standard of living. Like the client who resides inside it, the business environment is adaptable. The challenge may be lucrative for handmade items by keeping an outside perspective on value creation and delivery through constant effort along the value chain process.

An Outline of Tamil Nadu Handicrafts

Tamil Nadu's handicrafts industry is a significant contributor to the total growth of current and linked industries in terms of income and employment generation and hence plays a significant role in the state's economy. It is a cottage industry that directly employs over 3 lakh people and can improve the living conditions of individuals both within and outside the state's borders. Global recognition has been accorded to handmade items for their gorgeous designs, craftsmanship, and practical usability. The state's woollen and silken carpets continue to be unmatched in quality and design on the national stage. The state's traditional crafts include crewel embroidered pashminas, embroidered raffle shawls, Kani shawl patterns, complex wood carving, and flora designs on paper mache items. Tamil Nadu artisans with an unmatched ability for detailed creativity are one of our most valuable resources. This industry has enormous potential and must be viewed with caution and a firm grasp on its ideals. As an export-oriented business, it has contributed significantly to annual

foreign exchange revenues of crores of rupees. It is a cottage business, requiring little initial investment and infrastructure, such as machines, buildings, and power.

Objective of Study

1. To analyze the problems of the handicraft industry of Tamil Nadu state.
2. To provide valuable suggestions to enhance the Tamil Nadu handicraft industry.

Hypotheses Testing

1. **Ho1:** There is no significant difference between demographic variables and financial problems of the handicrafts industry.

Research Approach

The present study is descriptive. The scope of the study extends to the handicraft sector of India, where the case of Tamil Nadu State has been taken into consideration. The major motive behind the present study is the eminent financial problems of the Tamil Nadu handicraft sector in contributing to the economic development of the state and the nation. The data for the present study has been collected from primary and secondary sources. The data analysis has been done through primary data, and content analysis has been performed to arrive at conclusions and discussion. The secondary sources of the data include books, reports and journals.

Selection of Sample Size

The sample size constituted 400 Handicrafts units selected in Tamil Nadu. (Jewelry work, Woodwork, Pottery and Ceramic, Pasimanimalai, Bamboo cane straw and Embroidery and Aari work) was selected for the study. A convenience sampling method was followed to collect the Handicrafts artisans' responses.

Statistical Tools Used For the Analysis

The SPSS software was used to process, classify, tabulate, analyse, and interpret data. According to the nature of the data received from respondents, the following statistical approaches were used: descriptive analysis (mean and standard deviation) and one-way ANOVA. Based on their relevance to the application, the following statistical values were utilised to analyse the data acquired throughout the inquiry.

Analyses and Discussions:

Table 1.2
One way ANOVA for Age and Financial Problems

Variables	Age	N	Mean	SD	Std. Error	F	Sig.
Difficult to get an adequate loan from financial agencies	18 to 25	38	3.9211	1.19417	1.19417	0.712	0.545
	25 to 35	84	4.0000	0.87811	0.87811		
	35 to 50	202	4.0792	1.06676	1.06676		
	Above 50	76	4.1842	0.98942	0.98942		
	Total	400	4.0675	1.02742	1.02742		
Access loans only at the high cost of interest	18 to 25	38	3.7895	1.31843	1.31843	0.225	0.879
	25 to 35	84	3.8214	1.25305	1.25305		
	35 to 50	202	3.9158	1.04517	1.04517		
	Above 50	76	3.8947	1.14983	1.14983		

	Total	400	3.8800	1.13526	1.13526		
Dependent on local money lender due to inadequacy of loan from formal financial institute	18 to 25	38	3.8158	1.33265	1.33265	2.076	0.003*
	25 to 35	84	3.5952	1.18341	1.18341		
	35 to 50	202	3.8713	1.19421	1.19421		
	Above 50	76	4.0526	1.05697	1.05697		
	Total	400	3.8425	1.18584	1.18584		
The business was unable to expand due to the high-interest rate	18 to 25	38	4.1579	0.49464	0.49464	3.366	0.0198*
	25 to 35	84	3.8810	0.96199	0.96199		
	35 to 50	202	3.7822	0.74117	0.74117		
	Above 50	76	3.6842	0.83603	0.83603		
	Total	400	3.8200	0.79950	0.79950		
Lack of knowledge accounting procedure, maintain a set of records.	18 to 25	38	4.2632	0.86005	0.86005	3.729	0.011*
	25 to 35	84	3.7143	1.22790	1.22790		
	35 to 50	202	3.6139	1.09245	1.09245		
	Above 50	76	3.7895	1.13509	1.13509		
	Total	400	3.7300	1.12261	1.12261		

Source: Computed from primary data.

The computed 'F' value is 3.729, which is significant at the 5% level. Thus, the proposed hypothesis "there is no substantial difference in the respondents' ages and" a deficiency in accounting procedures and the maintenance of a set of records. As a result, the null hypothesis is ruled out. Additionally, the mean value revealed that respondents aged 18 to 25 had a mean value of 4.2632, while respondents aged 35 to 50 had a mean value of 3.6139. This demonstrates that respondents aged 18 to 25 had a higher negative attitude on the absence of accounting procedures and a system for maintaining records.

The computed 'F' value is 3.366, which is significant at the 5% level. As a result, the proposed hypothesis "there is no statistically significant difference in the respondents' ages and the firm was unable to expand owing to the high interest rate" is rejected. Additionally, the mean value revealed that respondents aged 18 to 25 had a mean value of 4.1579, while respondents aged Above 50 had a mean value of 3.6842. This demonstrates that respondents aged 18 to 25 had a more favourable attitude toward businesses that have been unable to develop owing to high lending rates.

The obtained 'F' value is 2.076, which is significant at the 5% level. As a result, the null hypothesis "there is a large difference in age between respondents and those who rely on a local money lender owing to the insufficiency of a loan from a formal financial institution" is accepted. Additionally, the mean value revealed that respondents over the age of 50 had a mean value of 4.0526, while respondents aged 25 to 35 had a mean value of 3.5952. This demonstrates that respondents over the age of 50 had a more favourable impression of local money lenders as a result of the insufficiency of loans from official financial institutions.

The computed 'F' value is 0.712, which is significant at the 5% level. As a result, the hypothesis "there is a large disparity in the respondents' ages and their inability to obtain an acceptable loan from financial organisations" is accepted. Additionally, the mean value revealed that respondents over the age of 50 had a mean value of 4.1842, while respondents

aged 18 to 25 had a mean value of 3.9211. This demonstrates that respondents over the age of 50 had a higher negative opinion of the lack of suitable loans from financial institutions.

The computed 'F' value is 0.225, which is significant at the 5% level. As a result, the null hypothesis "there is a substantial difference in the respondents' ages and I could only obtain loans at a high cost" is accepted. Additionally, the mean result revealed that respondents aged 35 to 50 got a mean of 3.9158, while respondents aged 18 to 25 earned a mean of 3.7895. This demonstrates that respondents aged 35 to 50 have a more favourable impression of loans available only at a high interest rate. Thus, it is stated that just The firm was unable to develop owing to the high loan rate, a lack of expertise about accounting procedures, and maintaining a record set are unimportant, while the respondents' ages signify the remaining six.

The Study's Findings

1. ANOVA findings indicate that the F values for age and difficulties obtaining a sufficient loan from financial institutions are not statistically significant at the 5% level.
2. ANOVA findings indicate that the F values for age and availability to loans solely at high interest rates are not statistically significant at the 5% level.
3. ANOVA findings indicate that the F values for age and dependence on a local money lender as a result of the insufficiency of a loan from a formal financial institution are statistically significant at the 5% level.
4. ANOVA findings indicated that the F value of age and the inability of the firm to develop was significant at the 5% level due to the high interest rate.
5. ANOVA findings indicate that the F value of age and a lack of understanding about accounting procedures and maintaining a set of records are statistically significant at the 5% level.

Suggestion and Recommendation

1. Appropriate training and financial aid should be provided to stimulate entrepreneurship among handcraft craftsmen; otherwise, their abilities would be restricted to manual labour.
2. Banks are slow to extend loans to artisans. Thus, a framework should be made in which craftsmen may obtain loans/credits directly from the government offices responsible for administering such aid programmes. There should be well-structured plans and programmes that utilise the next generation's young, as well as an effective process for reviewing and monitoring their execution. Additionally, plans should be taken to assure raw material and financial support availability.
3. Through suitable education, technology, and creativity, artisans can earn a handsome profit by studying ancestral skills and practising them.

Conclusion

Artisans operate mostly in unorganised or traditional industries, where they are exposed to abuse and poor salaries. Their economic and social circumstances are less favourable than those in other industries. Despite the government's efforts, challenges such as ineffective policy execution and a focus on the macroeconomic perspective have reduced the efficacy of the measures, yielding little or no effects. Historically, craftsmen were the backbone of Indian culture; nevertheless, they are now the most vital character for progress. Additionally, the

artists should get the loan. Thus, an attempt has been made in this research to examine the financial difficulties encountered by artists of handicrafts.

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