

# ARTISAN SPECIAL ECONOMIC ZONE: A ROADMAP FOR INCLUSIVE DEVELOPMENT

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## **Abstract**

*Inclusive growth, the new mantra of development agencies, has become the buzzword in policy-spheres. It creates new economic opportunities and ensures equal access to all segments of the society, particularly the poor. In India, substantial sections among the Other Backward Classes (OBCs) lie below the poverty line, possess few assets and are engaged in low- income 'traditional occupations'. OBCs include a large number of castes and communities who were required to produce a variety of goods or render specific services on terms unfair to them, thus constituting different forms/ degrees of exploitation. On this basis, they have been grouped under different categories including: artisan castes/communities with traditional skills engaged in various crafts providing a variety of goods on cottage scale, like weavers, potters, blacksmiths, and carpenters, who have been engaged in secondary production for centuries. Their traditional occupations have been and under different forms and degrees of threat while entry into modern sectors and facilities for upward mobility are generally denied.*

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Due to technology change, factory system, mechanization, input shortage, corporate entry, changes in public policy (like economic Reforms 1991 and SEZ Act 2005) etc, the livelihood, skill and technology of these artisan communities have been under threat. Artisanal production has also witnessed downfall into a "weapon of the weak", as an activity operating at the margin of the mainstream economy. Forces of liberalization privatization and globalization have led to the separation of artisanal production from the actual artisan. Hence, majority of the artisans fluctuate between work and unemployment, and income and poverty. Thus, we find today the "virtual" artisan far from the "true" artisan, who combined in the past his heart, head and hands in design, planning, construction and production of goods /implements for agriculture, households, transport, entertainment, tourism, warfare, worship etc. Industry incentives, attractive land acquisition policies, liberal environment for real estate development etc under the SEZ Act 2005 and SEZ Rules 2006 facilitated corporate entry and commodification of artisanal production, thereby aggravating the vulnerability, if not exclusion, of traditional artisans from mainstream economy, society and polity. Even though the 11th Five Year Plan (2007-12) envisages inclusive development, artisans continue to be excluded, socially and economically<sup>1</sup>.

Given the fact that SEZs (Special Economic Zone) are here to stay, and that handicrafts (decorative goods) form only a small part of artisanal production: Can SEZs be (re)conceived as platforms for inclusive development of artisans? In the above perspective, the paper examines the scope of Artisan Special Economic zones as a strategy for inclusive development of artisans under public- Private-NGO Partnership mode. The rest of the paper is organized as follows: Since the term 'artisan' is overlapping in different contexts, we present an overview of the approaches to the term. We proceed to reflect on development

issues of artisans in terms of the approach of socio-economic exclusion in next part. Next section presents artisan perspective of inclusive development. A roadmap for inclusive development of artisans is outlined in section terms of the idea of Artisan Special Economic Zone (ASEZ). conclusions and policy implications are presented in last section.

### Traditional Artisans

The term 'artisan' has been used interchangeably to denote 'craftsperson' or 'self-employed worker'. According to the society for Rural, Urban and Tribal Initiative (SRUTI 1995:vi), 'artisans are people who craft items/products or provide services, of both utilitarian and decorative value, using their hands and traditional implements/tools'. Only an individual who displays all the following essential and incidental characteristics is considered an artisan<sup>2</sup>.

Essential characteristics of artisans are the following:

1. He/she makes goods, and /or provides service to others.
2. He/she uses his/her own skills and labour for the purpose.
3. He/she makes goods and provides services which use traditional skills. i.e., skills that have been historically associated with a particular artisanal activity, even though they may have been adapted over time to evolving technologies, materials and products.

Incidental characteristics of artisans indicate that:

1. He/she is self-employed; and
2. He/she functions individually, or at a household level

Artisanal groups comprise of metal workers, wood workers, potters, textile workers, gem polishers and jewelers, cane, bamboo and fiber workers, tailors and leather workers. They are classified based on:

1. Location (rural, urban and semi-urban)
2. Raw material (procured independently, supplied by customer and obtained from cooperative)
3. Skill/technology (manual or semi-automated)
4. End product (utility item, decorative article and repair/Maintenance)
5. Markets (village, urban and export)
6. Sales channel (village haat or premises, jajman, trader and cooperative), and
7. Employment status (self-employed, wage earner and cooperative member).

In the present paper, the term 'artisans' refers to people hailing from communities producing mainly goods utilitarian value, using traditional skills.

### Artisans and Socio-Economic Exclusion

In recent years, scholars explain the issue of poverty of deprived groups in terms of 'social exclusion'. The term 'social exclusion' individuals from participation in important areas of societies refers to a situation in which multiple deprivations prevent activities. In the broadest sense, social exclusion refers to the dynamic process of being shut out, fully or

partly, from any of the social, economic, political and cultural systems which determine the social integration of a person in society<sup>3</sup>. The 'social exclusion' perspective on poverty goes beyond confining the question of deprivation to commodities that can be directly purchased. It implies policies that move beyond the re-distribution of resources to include the promotion of changes in social and economic structures. It is a community (artisans)-centered promotion of changes in economic structure (conceived as SEZ) that the paper intends to emphasize, as against income transfers and poverty alleviation programme targeting individual empowerment<sup>4</sup>.

Thus, in the above perspective, despite its definitional and measurement issues, the idea of 'social exclusion' provides valuable inputs for framing inclusive strategies for the empowerment of socially and economically marginalized groups like traditional artisans. In spite of their significant number and contributions to the village /urban economy traditional artisans are not properly recognized by the state or central government, made stakeholders in development projects, skill up-gradation and social security schemes. So far, the development programmes were far from being inclusive of traditional artisans. Schemes promoted by the Development commissioner (Handicrafts), Government of India, cater mainly to the marketing needs of decorative urban crafts, leaving the traditional rural artisans in the production of utility goods and construction high and dry in the exclusion perspective demands<sup>5</sup>.

### **Inclusive Development: An Artisan Perspective**

The concept of inclusive growth has already gained wide currency in several countries including India (Bolt 2004). The Approach Paper of the plan provides an opportunity to restructure policies to achieve a new vision based on faster, more broad-based and inclusive growth. It is designed to reduce poverty and focus on bringing the various divides that continue to fragment our society (Government of India 2006). However, the Approach Paper has not defined the concept of inclusive growth. A similar confusion exists with institutions like the United Nations Development Programme (UNDP) and the World Bank harping on inclusive growth<sup>6</sup>. Some important interpretations of inclusive growth are presented below:

1. Inclusive economic growth can be achieved by "focusing on expanding the regional scope of economic growth, expanding access to assets and thriving markets and expanding equity in the opportunities for the next generation of Indian citizens, no matter whom they are or where they live".
2. Sen (2007) puts a necessary condition for inclusive growth in that the disparity in per worker income between agriculture and non-agriculture should not widen.
3. Besley et al (2007) use growth elasticity of poverty as measures to assess inclusiveness of the poor in the growth process.
4. Deputy Chairman, Planning Commission holds that (i) achieving a growth process in which people in different walks in life...feel that they too benefit significantly from the process (Business Standard 2007), and (ii) poverty was one-dimensional, but lack of inclusion now is multidimensional and interlinked with regional and caste issues...The

Plan is no longer about a model, it is now about pulling together a whole lot of forces and impulses... An Inclusive Strategy should provide for health, education and agriculture

5. With emphasis on the production and income side of the gross domestic product, the UNDP defines inclusive growth as the process and the outcome where all groups of people have participated in the organization of growth and have benefited equitably from it. Thus, inclusive growth represents an equation—with organisation on the left-hand side and benefits on the right-hand side (UNDP 2008).

It is imperative for the planners and policy-makers to make growth inclusive through adoption of pragmatic policies. The journey towards balancing the outcome of economic growth involves many challenges. The dominant challenges include the imperative of maintaining the acceleration of economic growth, without compromising on human development and sustainability 7. Apart from focusing on their topline and bottom lines, the corporates have also been focusing on inclusive growth through Corporate Social responsibility (CSR) initiatives. Federation of Indian chambers of Commerce and Industry (FICCI), for example, has observed that it will work towards an inclusive economic growth model, which leads to an overall spreading of economic development. It is noted that public-private partnership projects, social equity models etc., also help in inclusive growth. Ministry of Commerce and Industry, Government of India holds that the SEZ policy has a very crucial role to play in inclusive growth<sup>8</sup>. It doesn't mean developing large number of SEZs or industrial townships alone but generation of more employment and provision of skill development also, However, despite the government and industry perspectives process between 1993-94 and 2004-05 has bypassed the majority and was not inclusive. Some NGOs have also stepped in with the slogan of growth for all.

The development needs of SCs/STs are taken care of through supplementary programmes under Special Component Plan and Tribal Sub Plan. However, development issues of traditional artisans didn't get the attention of any Working Group of the Planning Commission, Commission/ Study Team of GoI, except from few State governments that led to the formation of Artisans' Development Corporations in those States. Programmes of the Development Commissioner (Handicrafts) cater to artisans in decorative crafts only, not to traditional artisan workforces. Hence, the present paper argues that, in addition to special/narrow poverty eradication programmes like Supply of Improved Toolkits to Rural Artisans (SITRA) targeting individual artisans, there is also need for mega-projects that address social exclusion through promotion of collective and diversified production processes, market access (domestic & foreign), training and design, cultural entrepreneurship, research and development etc, so as to equip artisan collectives for reaping the opportunities of technology transition, privatization and globalization. Hence, the fundamental issues of social/economic exclusion could be tackled only through innovative macro level participatory interventions that promote non-economic benefits also, in terms of confidence building and attitudinal changes among the groups. Endorsing the perspectives of the industry associations (that public-private partnership projects can

promote inclusive growth) and the government (that SEZ policy has a very crucial role to play in inclusive growth), the paper proposes a strate<sup>8</sup>) of SEZs for inclusive growth of traditional artisans under a public-private-NGO partnership framework<sup>9</sup>.

### **ASEZ: A Roadmap for Inclusive Development**

In the artisanal sector, non-traditional and corporate groups have taken control over the burgeoning business in gold, jewels, other metals, granite, wood-ware, furniture, and most noticeably in construction,” where traditional artisans had a rewarding space. Gravity of the social and economic exclusion meted out to traditional artisans presents the case for a new (Type 4) brand of SEZ. Displacement and livelihood issues of artisans facing loss of income, due to the decline of local rural economies, also present a case (like farmers) for SEZ as a rehabilitation strategy (Citizens’ Research Collective n. d).

AZEZ is proposed mainly for manufacturing and marketing of building materials, construction, accessories, household items, ornamental articles, and other tangible products which are generally used in farming, households, business and in construction, while the youth from the traditional professions Industry. There is shortage of skilled manpower particularly are facing acute unemployment<sup>10</sup>. Skilled workers like smiths, cobblers and carpenters easily find work with little training which the (SEZ project should make available with the introduction of new building accessories. technology and the information revolution, big firms in construction have captured the market by sheer economic power. In the above backdrop, a Public-Private-NGO partnership is proposed for establishment of ASEZ.

### **Benefits of ASEZ**

#### **Government**

- Generation of employment and development of a pool of skilled manpower.
- Social justice and inclusive development.

#### **General Public**

- Access to single window solution (ASEZ) for construction design, building materials, components and execution.
- Availability of the services of Vaastu- oriented architects.

#### **Entrepreneurs/Artisans**

- Training in new technology and skill, allotment of micro-industrial units, placement etc will help retain artisan youth.
- Entrepreneurship, value-addition and profit will help traditional artisan communities regain social status.

#### **Corporate Agencies**

- Platform for Corporate Social Responsibility interventions.
- Steady availability of inputs, Skilled workers intermediate products etc.



In the wider interest of inclusive development, ASEZ is conceived as a multiplex housing other complementary institutions also (ASRCB, ACMS & IADC)<sup>11</sup>.

### Conclusions and Policy Implications

While there are appropriate quantitative measures of the positive outcome of public policy measures, the qualitative content, character and reach of the outcome have not been adequately explored. As the numbers rise, we are told that the next task, now that the Indian economy is riding the crest of a wave, is to make growth inclusive. However, even as the rhetoric of inclusion is touted, the enormity of the challenge is hardly appreciated. Inclusive development of traditional artisans calls for their informed participation in the design, execution and monitoring of mega projects (like ASEZS) that would boost confidence and entrepreneurship. entry of non-traditional classes into artisanal activity indicates that it is not the trade/profession that operates behind social exclusion, but the way in which they are organized<sup>12</sup>. Lack of professionalism in the organization of these trades and delivery of services keeps the custodians of traditional knowledge excluded from mainstream society, polity and economy. schemes that support small/micro artisanal units or provide improved tools are unlikely to help sustainable group empowerment. Hence, vibrant partnerships have to be forged by the Public, Private and NGO sectors. Traditional artisans(interest groups in the SEZ) are poor, scattered, fragmented and unorganized. Similarly, artisans' NGOs are deficient in networks, coverage, resources and professional management(there are NGOs working 'for/with' artisans, but few 'of artisans'). Hence, as outlined above, an NGO/ Producer Company /Cooperative (like IFFCO Kisan SEZ Ltd-IKSEZ) may be floated to represent the artisans, followed by invitation of concerned State government to industry organisation/s for contributions to the ASEZ partnership. The role of the Union, concerned State government and corporate agency lies in policy decisions and follow-up, appropriate to the promotion, facilitation and coordination of the ASEZ, as outlined in the scheme of the Project Management authority. ASEZ envisages a gradual transition of artisans to the entrepreneur status, retention of youngsters in the sector and a reversal in urban-oriented migration. Thus, rehabilitation of artisan's demand state action first and foremost, but with informed participation of beneficiary groups under handholding of industry and business. Constitution of an expert Group on ASEZ by the Union/State government is proposed, with due representation to industry and artisans. the potential of SEZs needs to be leveraged through their ASEZ is conceived as a project under NAP. It is desirable that the other artisan schemes/ projects are integrated and brought under the NAP for effective coordination, monitoring and evaluation.

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