

Economic Trends in the Indian Handmade Paper Industry

Ahaan Anand

Student, Modern School Vasant Vihar

Abstract

The Handmade paper industry has been an integral part of the Indian economy for centuries. This paper analyses the impact of the Handmade Paper industry, critically examining its contribution to employment, exports, and GDP on the Indian economy. The study discusses the eco-friendly nature of Handmade Paper and also briefs about the various products which can be made from it. Combining both primary as well as secondary data sources, the findings reveal that the Handmade Paper industry provides substantial employment to individuals of diverse skill levels and contributes significantly to India's exports as well as GDP. The study also delves into the challenges faced by the handmade paper industry, such as high cost of raw material, lack of access to credit, etc. The study highlights the importance of government policies to support the industry and suggests recommendations for expanding the handmade paper industry in India. Furthermore, this paper emphasizes on the historical trajectory of the Industry over the past few decades.

Keywords: Handmade Paper, Cottage Industry, Indian Economy, Sustainability, Eco-Friendly

1.0 Introduction

The Handmade paper sector is eco-friendly, utilizing non woody and waste raw materials in its manufacturing process. The paper is highly durable and sports a unique look and texture. The papers are available in a range of different rich varieties, designs, shapes and colors. Most of the handmade paper units in India have been traditionally using cotton hosiery waste as the main source of raw material, which produces paper with excellent strength characteristics.

Traditionally, Handmade paper was used in the royal court for official documentation and writing of the Holy Quran[1]. Later, it became an important material for court documents, university degrees and stamp papers in modern India owing to its durability. Currently it is also used for decorative purposes, as carry bags, gift boxes, diaries, photo frames, lamp shades and more.

One of the most important hubs for Handmade paper production is Sanganer in Rajasthan. Overall, there are around 3800 hand-made paper units in Sanganer, which include conversion units, paper and manufacturing mache units, which accounts for a production of Rs. 128 crores and providing employment to 28,000 rural artisans[1]. For a developing country like India, faced with increasing shortages of natural raw materials and energy sources the development of this industry offers considerable potential to meet development objectives and respond to demand for both domestic and export products [2].

This paper will explore the roots of Handmade paper, its origins and methods of production, and will investigate the economic trends of the industry including challenges faced by it. Finally, the contribution

of the handmade paper industry to the Indian economy along with its future outlook in the country will be probed.

2.0 Literature Review

India alone exports 75% of the demand for Handmade Paper. India has major demand drivers including a 9.5% GDP growth, increasing literacy, growing consumerism and optimism and a will to expand by industry leaders. India is the fastest growing pulp and paper market in the world with 6% demand growth per annum[3]. In 1953 the income through handmade paper products was just Rs 5,00,000. It became 150 million in 1993. Total production of handmade paper turned into 13,000 tons and income 250 million in 1995. Traditionally, the paper was in use in the royal court for official documentation and writing of the Holy Quran. Later, it became an important material for court documents, university degrees and stamp papers in modern India because of its durability[1]. Handmade paper is completely natural paper. Cotton cloth rags, hosiery pieces, silk fiber and banana tree fibers etc the natural raw material which is used to make handmade paper. The natural raw material gives a distinguished strength to the handmade paper[5]. The hand-made paper sector is considered to be eco-friendly, utilizing non woody and waste raw materials in its manufacturing process. The durability of the paper is high with exclusive look and texture. The papers are available in a saga of rich varieties, designs, shapes and colors[4]. India has a vast rural and unorganized economic sector. This sector provides employment to around 29.5 million people in the rural and urban areas of the country [11]. Being less in limelight with the large MultiNational Sector, this traditional small scale industrial sector is Recession Resistant as the products of this sector enjoy exclusive national and international demand.

3.0 An overview of Handmade Paper

Handmade paper making is an exceptional art found in remote areas of the world, it is a dying art in India. The natural raw material gives a distinguished strength to the handmade paper [5]. The production process of this paper includes converting cotton trimmings into paper by hand.

The history of the art of Handmade Paper making can be traced back to the Members of Kagzi, a community that traditionally specialized in the making of paper, are said to have accompanied the Mughal emperor, ruler of Jaipur, Maharaja Jai Singh. Babur moved to India in the sixteenth century and eventually settled in Sanganer on the invitation of the then Ruler of Jaipur[1].

Handmade paper making processes reduce waste emissions and energy consumption, it saves resources and overall cost, it protects the environment by recycling and reusing the material and is widely used around the world because of these qualities. One of the most successful applications is recycling paper while making handmade paper. The Energy Information Administration claims a 40% reduction in energy when the paper is recycled versus paper made with non-recycled pulp. [6]

The handmade paper units are scattered throughout the country with concentration most in the Kalapi (Uttar Pradesh), Sanganer (Rajasthan), Pune (Maharashtra), Kurukshetra (Haryana), Mahaboobnagar (Andhra Pradesh) and some clusters are in West Bengal (Khadi and Village Industries Commission (KVIC), India). In India, the manufacture of handmade paper is a well-established industry at the cottage or small-scale-industry level. It makes use of an interesting technology simply because it uses only waste materials, in the process of making extremely high quality paper and paper products. For this reason, the industry is described as "eco-friendly" and one of the outstanding examples of sustainable development. In addition, the technology is fairly simple to operate and requires no special training or certification [11].

Handicrafts embody the traditional skills of the artist who use a variety of Materials: wood, cotton rags, waste material, metals etc to produce consumer articles as well as decorative Artistic products. Currently, only artistic and decorative articles are classified as handicrafts which includes handmade paper. The all India handicrafts board is responsible for the development of this industry. This industry alone employs 7.6 million persons according to the annual report of handicrafts board and it is a special significance in the country's economy as regards foreign Exchange earnings [5].

4.0 Trends and consumerism in the handmade paper industry

Handmade Paper is of much importance to India as a developing nation, not only as an economic and sustainable asset, but also in terms of consumption. It is very important to know the status of this sector to find its problems and to understand the future prospects of this sector in India. Sanganer in Rajasthan, is the important center of handmade paper manufacturing in India. There are 40 units in Sanganer, out of which 31 are manufacturing handmade paper[11].

Paper is an essential industry used for basic human needs including education and the overall well-being of the economy. Despite this fact, the consumption of paper per capita in developed countries such as the United States, Germany, Austria etc is much higher than that in India. The per capita consumption of paper in India is still very low, at around 10 kg, which is well below the global average of 55 kg. The consumption of paper is often discouraged due to its impact on the environment [5]. Despite the continued focus on digitization, India's demand for paper was expected to rise by 53 per cent by the year 2020, primarily due to a significant increase in the number of school-going children in rural areas. Growing consumerism, modern retailing, rising literacy and the increasing use of documentation will keep demand for writing and printing paper buoyant[5].

According to Harsh Pati Singhania, vice-chairman and managing director of JK Paper, India's per capita consumption is quite low compared to global peers, things are looking up and demand is set to rise from the current 13 million tons to an estimated 22 mt by 2020. [12]. Hand-made paper and related industries in India are almost exclusively manufactured for global markets. In 2007, the export of hand-made paper and paper products was estimated to be close to Rs. 40 crores. A number of hand-made paper and paper product making units have transformed into '100 percent export oriented units' and have assisted greatly in increasing the foreign exchange of the country. Products made from hand-made paper include decorative papers, carry bags, gift boxes, diaries, wrapping papers etc. Overall in India, there are around 3800 hand-made paper making units, which include conversion units, papier mache and manufacturing units, accounting for a production of Rs. 128 crores and providing employment to 28,000 rural artisans in India[1].

An unfortunate event that negatively impacted the Handmade paper Industry like no other, was the Covid-19 Pandemic. Although it is too early to conclude on the actual impact of COVID-19 on the Micro, Small, Medium Enterprises (MSME) sector, based on short surveys conducted by academicians and researchers, market players indicate that the sector has been impacted considerably during and after the lockdown. Pandey and Pillai conducted a study covering 5000 MSME enterprises during the lockdown and found that 71% of them could not pay wages to their employees for March 2020. Being one of the highly labor-oriented sectors providing more than 114 million employment opportunities, the MSMEs are to be safeguarded with required provisions[7].

5.0 Handmade Paper, an asset for the Indian Economy

The Handicrafts Sector plays a significant and prominent role in the country's economy. It provides employment to a vast segment of craft persons in rural, and semi urban areas. It generates substantial foreign exchange for the country while preserving its cultural heritage [8]. The economic contributions of the handmade paper industry include providing employment, consumption, and foreign exchange to being perhaps one of the most eco-friendly industries, this sector comes with its own set of advantages and disadvantages.

In India, the manufacture of handmade paper is a well-established industry at the cottage or small-scale-industry level. India has a vast rural and unorganized economic sector. This sector is the life blood of the country, providing income, employment and investment prospects to many in the country. Being less in limelight with the large MultiNational Sector, this traditional small scale industrial sector is Recession Resistant, as the products of this sector enjoy exclusive national and international demand[11].

Using only waste materials such as cotton rags to manufacture this Paper, artisans with special skills are required for production. In 1953, this sector was having 35-40 units of production but as of the year 2009, this industry had more than 3000 production units having employed about 37000 people in the rural and unorganized sector of the country[5].

All India Khadi and Village Industry Board (later "KVIC") was established in 1953. Afterward, the handmade paper industry was included in its developmental program. Economic and technological support, information about different varieties, use of available raw materials and support for business establishment were provided to the owners of units and their workers. In some areas relaxations in state finance, promotions like relaxations in Central Excise Duty and Sales Taxes exemptions etc. also have been provided. [5, 2006]. In 2007, the accumulated export of hand-made paper and paper products was estimated to be about Rs. 40 crores. A number of hand-made paper and paper product manufacturing units have become '100 percent export oriented units' and have helped majorly in increasing the foreign exchange of the country by a significant sum [1].

Even as the industry plans and looks forward to a demand escalation in the future, it must also plan to address some of its weaknesses and threats posed under the operating environment. Some of these threats include the high cost of raw materials, exuberant labor charges, high transportational charges, Technological obsolescence and even some environmental issues. Since the structure of the industry is complex, the technology and equipment adopted by these mills differs according to their size and raw material. This not only affects the quality and cost of the product adversely but also results in environmental degradation, as old technologies are often less efficient and more polluting[9].

Handmade Paper can be viewed as a strategic product in the context of marketing and popularity. This could be owing to its eco-friendly nature and recycle-ability which contributes to the growing sustainability sentiments in the country. Apart from this, government education schemes as well as growing potential in the domestic as well as international markets, make this an attractive business idea for many [10].

6.0 Conclusion

As the Indian economy is still a rural based economy, the Handmade Paper industry has a strong base for production and rural development in the country. In the Modern world, along with the rise in population, there is also a rise in the demand for paper further leading to an increase in deforestation and thus pollution

and other environmental crises. As deduced from the objectives of this research, Handmade Paper industry offers a solution by providing high durability to its wide range of products as it is produced sustainably. The Handmade Paper industry faces its own challenges with regards to having high costs of production and high labor costs. This industry, like most others, has suffered greatly after the Covid-19 pandemic. Despite this, analysts and businesspersons suggest that as the products are 100% eco-friendly, recyclable and having high demand in international as well as domestic markets, this industry is expected to grow rapidly over the next decade. Being promoted by the government through educational and tax benefit schemes, it provides employment to thousands of artisans and rural workers and brings in much needed foreign exchange making it an attractive investment for venture capitalists.

7.0 References

1. Bidisha Chaudhri and Rajib Nandi (2009)- A Rapid Assessment Study of the Impact of the Financial and Economic Slowdown on the Handicrafts Industry in Sanganer, Rajasthan
https://www.academia.edu/6946253/Rapid_Assessment_Study_of_the_Impact_of_the_Financial_and_Economic_Slowdown_on_the_Handicrafts_Industry_in_Sanganer_Rajasthan
2. T Subramanian and Dr Arun Kumar (1995)- Development of the Handmade Paper Industry, a case study
<http://khosla.in/Pdf/Focus-Area-docs/Development%20of%20the%20Indian%20Handmade%20paper%20Industry.pdf>
3. T Johnson, B Johnson (2011)- India- an emerging giant in the pulp and paper industry
<https://search.informit.org/doi/10.3316/informit.312302526682576>
4. Atul Kumar, IJERT Journal (2013)- Banana Fibre (Musa sapientum): "A Suitable Raw Material for Handmade Paper Industry via Enzymatic Refining "
<https://www.ijert.org/research/banana-fibre-musa-sapientum-a-suitable-raw-material-for-handmade-paper-industry-via-enzymatic-refining-IJERTV2IS100417.pdf>
5. Ruby Jain and Madhu Khullar (2017)- A study of Sanganeri Handmade Paper Industries
<http://www.ijims.com/uploads/8d1d5b370a96e7898ed015kulhar.pdf>
6. T, Kitamura (2014)- Application of Multilayered Paper Processing to Hybrid Random Natural Fiber Mat
<https://www.sciencedirect.com/science/article/pii/S1876610214010170>
7. Ashish Kumar and Mitu Mandal (2022)- Business and Entrepreneurial Strategies for Development of Indian Small Industries (MSME) during Post Pandemic COVID-19 Indian Artisans as Entrepreneur
https://www.researchgate.net/publication/361436241_Business_and_Entrepreneurial_Strategies_for_Development_of_Indian_Small_Industries_MSME_during_Post_Pandemic_COVID-19_Indian_Artisans_as_Entrepreneurs
8. Pushpender Yadav and Jahangir Bhat (2016)- Handicraft sector and its share in Indian economy
https://www.researchgate.net/publication/313400705_Handicraft_sector_and_its_share_in_Indian_economy
9. Gitanjali Chaturvedi (2006)- Indian Paper Industry- Growth and prospects
https://www.researchgate.net/publication/291938997_Indian_paper_Industry_-_Growth_and_prospects
10. Shweta Bhodiwal (2022)- A Novel Approach: Handmade Papermaking
https://www.academia.edu/86514984/A_novel_approach_Handmade_papermaking

11. Amit Kumar Dwivedi and Dr. Punit Kumar Dwivedi (2016)- Rural Entrepreneurial Development: A Study on Indian Handmade Paper Industry. https://www.researchgate.net/publication/314540512_Rural_Entrepreneurial_Development_A_Study_on_Indian_Handmade_Paper_Industry
12. Business Standard (2014)- India's paper demand to rise 53% by 2020 https://www.business-standard.com/article/markets/indias-paper-demand-to-rise-53-by2020-114041800784_1.html