

The Impact of Skilled Labor Shortage on Rajasthan's Handicraft Industry - An Economic Analysis

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Abstract

Rajasthan's handicraft industry, a cornerstone of cultural heritage and rural livelihoods, is increasingly threatened by an acute shortage of skilled labour. This study investigates the structural and economic factors behind this deficit and its implications for the sector's sustainability. Drawing on secondary data from government reports, economic surveys, and industry analyses, supplemented with qualitative insights from artisan enterprises, the research highlights how demographic shifts, generational disinterest, rising input costs, and the lure of higher-paying service sector jobs are reshaping artisanal labour markets. The findings demonstrate that the shortage of skilled artisans not only constrains production capacity and inflates costs but also jeopardizes the global competitiveness and cultural continuity of Rajasthan's crafts. By situating these challenges within the broader discourse on labour market dynamics and cultural economies, the paper underscores the urgent need for targeted policy interventions, vocational training, and support mechanisms to safeguard both livelihoods and the preservation of intangible cultural heritage.

Keywords: Rajasthan, Handicrafts Industry, Labour Market, Skilled Labor

1.1. Introduction

Rajasthan is one of the leading states in India in the case of handicrafts exports. It can be identified as one of the products which has a lot of growth potential. The sector is very important for India because of its socio-economic importance. However, the handicraft industry has faced labour shortages which is one of the obstacles in the field of obstacle in the case of handicraft sector in Rajasthan. In addition, there are other kinds of obstacles, such as a shortage of capital and technological advancements. The handicraft industry of Rajasthan is one that truly captures the artistic essence of the state, supporting its cultural heritage by keeping diverse traditions alive. As a vital contributor to India's cultural exports and GSP (Gross State Product), the industry has proven to be an economic driver for boosting India's GDP, while simultaneously boosting Rajasthan's local economy by attracting tourists worldwide and those with a strong appreciation for the arts. The history of handicrafts dates back over 5000 years, explaining the diverse nature of the crafts in varying local cultures within the state's 50 districts, shaped by generations of skilled artisans.

Many of these crafted products date back to an era of royal patronage and are hence primarily characterized by their intricate detailing and vibrant colors. For instance, Jaipur, the capital of the state, is home to blue pottery, a handicraft that stands out with its Persian-inspired designs and distinctive cobalt blue hue. Within the state, this industry is home to a broad range of products, such as jewellery (e.g., lac bangles) from Jaipur, wooden furniture and leatherwork (including Mojari footwear) from Jodhpur, miniature paintings and puppetry from Udaipur, and more. Given the rich diversity this sector has to offer, it now faces critical challenges that require immediate attention. Rajasthan's handicraft industry suffers from a growing shortage of skilled labour, a downturn in tourism activities, numerous supply-side challenges, and market demand fluctuations, mainly due to intense competition from cheaper, industrial goods that are mass-produced along with globalization, which has led to emerging global markets that artisans find difficult to compete with. This paper aims to delve into a pressing issue: the increasing shortage of skilled labour, with the aim of analysing its causes and implications on the industry as a whole.

1.2. Research Problem

The handicraft industry of Rajasthan is very valuable in terms of the national and global market. It can be identified as one of the major contributors to the economy of India. The export of the country has also witnessed an increase from Rs.7,870crore in FY2011 to Rs,33,759 crore by FY2024. However, this industry is currently dealing with shortage of labour which is a research problem which needs to be addressed. The shortage of labour has different kind of negative consequences such as rising cost of production and reduced production capacity. Thus, it becomes essential to address the labour shortage issue in the handicraft industry.

The handicraft industry is currently experiencing a growing shortage of skilled labour, attributed to several socio-economic and demographic factors. A significant proportion of traditional artisans are aging, while younger generations increasingly opt for careers in modern, better-paying sectors that happen to be more stable, such as services, which accounted for 45.07% of Rajasthan's GSDP in FY 2023–2024. This generational shift, driven by financial insecurity, low wages, limited training opportunities, and a lack of formal recognition of craft-based employment, has led to a substantial labour gap. According to UNCTAD (2023), nearly 30% of Indian artisans have exited the handicraft sector in recent years, and in 2019 alone, one-third of textile artisans lost employment—a trend that was further exacerbated by the COVID-19 pandemic.

The implications of this skilled labour shortage are far-reaching. Reduced workforce availability leads to lower production capacity, increased production costs, and an inability to respond to evolving consumer preferences (Singh, 2016). Furthermore, the industry's competitiveness is threatened as it struggles to match the volume and consistency of machine-made alternatives. If this trend continues, the sector may witness a severe decline, not only in economic output but also in the preservation of intangible cultural heritage embedded in these traditional crafts. Hence, addressing the skilled labour shortage is imperative for ensuring the future viability and sustainability of Rajasthan's handicraft industry. This study aims to explore the dimensions and consequences of this labour gap, with the goal of informing targeted policy interventions and sustainable development strategies for one of India's most culturally significant industries.

1.3. Research Objectives

1. To identify the different factors which have contributed to the shortage of labour in the state of Rajasthan.
2. To assess the effect of the labour shortage on the growth of the handicraft sector of Rajasthan.

1.4. Research Significance

This study holds particular significance in the context of Rajasthan, a state with a deeply rooted and vibrant handicraft tradition that constitutes a substantial share of India's artisan-based economy. Rajasthan contributes over 10% to India's total handicraft exports, positioning it as a critical player in a sector that accounts for approximately 7% of the country's GDP through export earnings. Given this economic relevance, the growing scarcity of skilled labour in the state's handicraft sector signals a pressing concern with both local and national implications.

The *Economic Review of Rajasthan (2023–24)* reports that more than 62% of the state's workforce remains engaged in primary sector industries, including handicrafts. Yet, this population is increasingly affected by disguised and seasonal unemployment, suggesting an urgent need to examine the structural vulnerabilities within the artisanal labour market. This research, by investigating the relationship between skilled labour shortages and the economic sustainability of the handicraft sector, aims to identify potential pathways to address the employment challenges faced by artisan communities.

Despite the economic and cultural importance of Rajasthan's handicrafts, there exists a noticeable gap in empirical research that evaluates the livelihood conditions of artisans through an economic lens. This study seeks to fill that gap by providing a region-specific analysis of the skilled labour deficit and its broader socio-economic implications. In doing so, it contributes new empirical insights to the existing body of literature, particularly in the areas of labour market dynamics, traditional industries, and cultural economy.

The study also bears broader relevance beyond the regional context. Given that many developing economies similarly rely on traditional manufacturing sectors for both employment and export value, the findings from Rajasthan can offer transferable insights for other regions facing parallel challenges. Furthermore, the research responds to contemporary global trends

such as the rising consumer demand for environmentally sustainable and culturally rooted goods—trends that present both opportunities and constraints for the handicraft industry.

In sum, this research not only enhances scholarly understanding of the labour challenges within Rajasthan's handicraft sector but also informs future policy, skill development initiatives, and sustainable industry practices aimed at preserving both livelihoods and cultural heritage.

2. Review of Literature

The handicraft sector of Rajasthan is an important sector which contributes to the economy of India. It can be stated that over a period of time the handicraft sector has established itself more as a thriving and more robust economic activity. The training period required for each craft spans 7 to 14 years. The government has also recognized the importance of the handicraft industry and formulated policies in order to support the industry. The policies aim to increase the handicraft exports in order to provide a boost to both the national and state economy. Recent literature highlights the barriers in the handicraft sector. This review helps in synthesizing the existing problems in the handicraft sector.

Labour and Skill-Related Constraints

The main challenges in the case of handicraft sector are the skill deficits and labour attrition. There are different factors which lead the artisans to leave the handicraft industry such as limited access to technical education and financial resources. Garg & Jain (2018) stated that the younger generation is mostly driven by urban employment opportunities due to low economic returns from handicrafts. The other issues arise in the form of lack of capital and credit loans. The major barriers in the sector in the form of inadequate access to the technical education and financial resource (Singh & Yadav, 2023).

Market Access, Middlemen, and Infrastructure

The other major problems in the case of labour retention can be identified as market accessibility and structural barriers. Paliwal (2014) stated that the artisans often face exploitation by intermediaries, poor infrastructure and limited access to the market. These factors collectively act as a barrier to hinder the growth of this sector. It can be stated that globalization has increased the international demand and also intensified the competition which has negatively impacted the motivation of artisans and the profitability of the sector.

Economic Contributions and Export Potential

The economic significance of the handicraft sector is acknowledged in both academic and policy literature. The *Economic Survey of Rajasthan (2023)* notes that handicrafts accounted for 8.5% of the state's total exports in 2022–23. Yet, the report's macro-level analysis does not delve into how skilled labour shortages impact different artisan communities. Sharma and Jain (2019) use time-series analysis to track the sector's declining GDP contribution over two decades, attributing the downturn to mechanization and global market pressures. Still, the role of technology as a possible aid to skill retention and efficiency is underexplored.

Generational Shifts and Youth Disinterest

A prominent theme in the literature is the waning interest of the younger population in continuing traditional crafts. Garg and Jain (2018) argue that unless concrete policy interventions are made, generational detachment could result in the extinction of several craft forms. Gupta and Tandon (2021) advocate for tailored vocational training programs but fall short of analysing generational labour patterns and what motivates or deters youth engagement in the sector.

Cluster-Based Approaches and Policy Gaps

Artisan clusters have emerged as engines of local economic activity, yet face uneven support in terms of policy and workforce development. Chaudhary and Gupta (2022) examine the potential of clusters such as Jodhpur and Jaipur in boosting exports and local economies. However, their analysis lacks insight into government measures to address labour shortages within these clusters. Similarly, while *Rajasthan Handicrafts Market (2020)* provides a strong market-oriented perspective, emphasizing branding and segmentation, it fails to consider the fundamental workforce limitations that affect the ability to meet market demands.

Research Gap

While existing scholarship offers valuable insights into the economic, structural, and generational challenges facing Rajasthan's handicraft sector, there remains a significant gap in understanding the direct impact of skilled labour shortages on production sustainability. Few studies holistically link labour market dynamics with broader economic and cultural implications across the state's diverse artisanal regions. The present study aims to bridge this

gap by examining how skilled labour shortages shape the evolution, viability, and future of Rajasthan's handicraft industry.

3. Methodology

This study employs a predominantly descriptive research design to facilitate an in-depth examination of the issues under investigation. Quantitative data, including statistical analyses of Gross State Domestic Product (GSDP) contributions, sectoral employment patterns, and other relevant economic indicators, were collected from authoritative secondary sources, with a particular reliance on government reports and economic surveys. Core data sources include the Rajasthan Economic Review (2023–2024), the National Sample Survey (2023), and various industry reports published on official government portals such as Sixth Economic Census which is conducted by the Ministry of Statistics and Programme Implementation (MoSPI), Ministry of Labour and Employment. The government reports such as the Press Information Bureau and Handloom Census of India (2009-10) have been used for the analysis on handicraft sector. Supplementary materials were drawn from peer-reviewed academic journals, reputable industry publications, and credible news outlets.. The study uses government reports and industry forecasts from authentic sources.

The analysis spans the period 1990–2024, with particular emphasis on the past five years to capture contemporary industry trends and challenges. This temporal scope allows for an informed assessment of the handicraft sector's current position and the evolving determinants of skilled labor shortages, while also examining their implications for future growth and sustainability.

In addition to secondary data, primary qualitative evidence was collected through semi-structured interviews with industry stakeholders. Three mid-sized enterprises operating in Rajasthan's handicraft sector were purposively selected based on the following criteria: (i) active engagement in handicraft production or trading, particularly in labour-intensive goods such as customized jewelry requiring intricate craftsmanship; (ii) geographic representation within Rajasthan to ensure contextual relevance; and (iii) willingness to participate voluntarily and provide informed consent in line with ethical research standards. Two of the three interviews were conducted with business owners, and the third with a merchant overseeing production operations. Anonymity was maintained for two participants to encourage candid responses and protect confidentiality. No financial or material incentives were offered.

One participant, *M M Jewellers* (Nirman Nagar, Jaipur), owned by Mr. Manoj Kumar, consented to disclosure. The firm specializes in traditional Kundan and Mughal-style jewellery, employing skilled artisans for labour-intensive processes such as polishing and shaping. Its clientele includes both domestic buyers and Non-Resident Indians (NRIs). The two anonymized firms were engaged primarily in silver and other metal-based handicrafts, catering to both domestic and export markets. Unlike *M M Jewellers*, these enterprises exhibited pronounced seasonal labour demand, offering comparative variation for analysis.

Interviews were conducted via online platforms, lasted 25–40 minutes each, and were recorded with informed verbal consent. Discussions were guided by a standardized questionnaire covering industry structure, labour market dynamics, intergenerational shifts in artisanal work, raw material costs, production challenges, policy awareness, and recommendations for addressing labour shortages.

The analysis primarily focuses on supply-side determinants particularly labour force characteristics and supply chain constraints in order to identify the structural and economic causes underlying the skilled labour deficit in Rajasthan's handicraft industry.

4. Analysis & Discussion

A descriptive analysis and trend analysis has been used for the study in order to understand the leading states in the case of share of employment in the handicraft sector. The trend analysis highlights the growth trends and market expansion of the handicraft sector in India. A comparative analysis has been done between the different states of India in order to draw a comparison between the number of registered women handicraft artisans in various states, state-wise gender distribution of adult handloom weavers, daily rural wage rate comparison by gender. A longitudinal perspective of the handicraft sector is presented based on the historical data and future projections up to 2033.

1. State-wise Share of Handicraft/Handloom Establishments and Employment

<i>Table 1. A: State-wise Share of Handicraft/Handloom Establishments and Employment</i>		
State	Share of Total Establishments (%)	Share of Total Employment (%)
Uttar Pradesh	16.55	18.3
West Bengal	17.62	17.75
Tamil Nadu	6.8	7.38
Odisha	7.8	7.27
Rajasthan	Not in Top 5	6.26
Andhra Pradesh	7.54	Not in Top 5

Source: Sixth Economic Census, Ministry of Statistics and Programme Implementation 62

The table gives an overview of the state-wise share of handicrafts/ handloom establishments and employment. It can be stated that Uttar Pradesh and West Bengal are the leading states in the share of handicraft establishments and share of total employment. The share of total handicraft establishments is 16.55% in the case of Uttar Pradesh while the share of total employment is 18.3%. The share of other states in establishments and employment, including Tamil Nadu, Odisha and Rajasthan, is around 7% which is relatively less.

2. Pan-India Handicraft Production Value and Market Size Trends

<i>Table 2: Pan-India Handicraft Production Value and Market Size Forecast (2007-2033)</i>				
Year	Source	Metric	Value	Unit
2007-08	PDM-24936	Production Value	31940.36	INR Crore
	51			
2021-22	PDM-24936	Production Value	65745.58	INR Crore
	51			
2023	IMARC Group	Market Size	4277.5	USD Million
2024	IMARC Group	Market Size	4565	USD Million
2032	IMARC Group	Projected Market Size	7817.8	USD Million
2033	IMARC Group	Projected Market Size	8198.5	USD Million
2023	Grand View Research	Market Size	44792.8	USD Million
2030	Grand View Research	Projected Market Size	71336.7	USD Million

Source: Pan-India Handicraft Production Value and Market Size Forecast (2007-2033), 2021

There has been an increase in the production value of handicraft production which has doubled from Rs.31,940 crore in the year 2007-08 to Rs.65,746 crores in the year 2021-22. There has also been growth in the market size trends forecast which is expected to grow from 4278 million USD in the year 2023 to 71,337 million USD by the year 2030. These forecasts

showcase a potential to grow in the handicraft sector and also the growing opportunities in the area of handicraft sector.

3. Gender-Wise Distribution of Female Registered Handicraft Artisans in India

<i>Table 3: Gender-wise Distribution of Female Registered Handicraft Artisans in India, by State (as of March 2022)</i>	
State/UT	Number of Registered Women Handicraft Artisans
Uttar Pradesh	260,842
West Bengal	168,344
Odisha	108,502
Jammu and Kashmir	105,179
Tamil Nadu	99,772
Gujarat	96,464
Bihar	81,119
Assam	68,087
Rajasthan	66,248
Karnataka	63,955
Madhya Pradesh	63,188
Andhra Pradesh	60,011
Maharashtra	50,109
Manipur	35,237
Telangana	33,845
Jharkhand	33,595
Uttarakhand	30,326
Haryana	27,891
Punjab	25,056
Kerala	24,434
Chhattisgarh	21,804
Tripura	21,096
Himachal Pradesh	17,169
Delhi	12,921
Nagaland	11,993
Arunachal Pradesh	10,008
Meghalaya	4,383
Mizoram	2,974
Sikkim	2,924
Goa	1,073
All India Total	1,687,534

Source: Press Information Bureau, Government of India 22

The number of registered women handicraft artisans in the case of India is reported to be 1.687 million for the year 2022. The state with maximum number of registered women handicraft artisans is Uttar Pradesh (260842 women artisans) which is followed by the other states such as West Bengal (168,344), Odisha (108,502), Jammu and Kashmir (105,179) and Tamil Nadu (99,772).

4. Gender Distribution of Adult Handloom Weavers

<i>Table 4: State-wise Gender Distribution of Adult Handloom Weavers (2009-10 Census)</i>			
State/UT	Male Weavers	Female Weavers	Total Weavers
Andhra Pradesh	128,728	52,760	181,508
Arunachal Pradesh	210	25,662	25,872
Assam	12,765	1,388,653	1,401,418
Bihar	9,280	2,473	11,753
Chhattisgarh	2,211	218	2,429
Delhi	1,338	132	1,470
Gujarat	3,218	970	4,188
Haryana	5,697	27	5,724
Himachal Pradesh	2,004	4,572	6,576
Jammu & Kashmir	5,223	2,126	7,349
Jharkhand	8,016	1,955	9,971
Karnataka	31,149	8,783	39,932
Kerala	3,354	7,820	11,174
Madhya Pradesh	5,451	1,834	7,285
Maharashtra	1,689	258	1,947
Manipur	1,496	199,111	200,607
Meghalaya	83	12,534	12,617
Mizoram	1,767	38,513	40,280
Nagaland	1,353	44,522	45,875
Orissa	41,466	7,556	49,022
Pondicherry	1,056	894	1,950
Punjab	584	342	926
Rajasthan	4,120	4,362	8,482
Sikkim	14	527	541
Tamil Nadu	136,352	92,016	228,368
Tripura	1,385	128,791	130,176
Uttar Pradesh	91,213	25,409	116,622
Uttarakhand	4,120	2,101	6,221
West Bengal	200,400	148,117	348,517

All India Total	705,762	2,203,038	2,908,800
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Source: Handloom Census of India (2009-10) 63

The table showcases that the total number of handloom weavers is 2.9 million (approx.). The number of male adult handloom weavers is reported to be 705,762 while the number of female weavers is 2.2 million (2009-10). The leading states in female weaver population are: Assam, West Bengal, Tamil Nadu and Manipur. Thus, it can be stated that the role of female weavers is more in the case of the northeastern states in comparison to the male weavers.

5.Rural Daily Wage Rates

The table shows a disparity in the male and female wages. The male wages are consistently higher than the female wages in majority of the states. In the case of Assam, Manipur and Tripura the wages are equal by gender. These wage gaps highlight the gender inequality in the handicraft industry in India.

State-wise Average Daily Rural Wage Rates for Handicraft Workers by Gender (in INR)			
State	Year	Male Wage (INR)	Female Wage (INR)
Andhra Pradesh	2020-21	315.38	210
Andhra Pradesh	2021-22	325	250
Assam	2020-21	375	375
Assam	2021-22	389.29	389.29
Bihar	2020-21	347.5	300
Bihar	2021-22	360	310
Gujarat	2020-21	300	250
Gujarat	2021-22	310	260
Haryana	2020-21	450	-
Haryana	2021-22	465	-
Himachal Pradesh	2020-21	450	400
Himachal Pradesh	2021-22	465	410
Jammu & Kashmir	2020-21	550	-
Jammu & Kashmir	2021-22	565	-
Karnataka	2020-21	350	250
Karnataka	2021-22	360	260

Kerala	2020-21	750	550
Kerala	2021-22	775	565
Madhya Pradesh	2020-21	250	200
Madhya Pradesh	2021-22	260	210
Maharashtra	2020-21	300	200
Maharashtra	2021-22	310	210
Manipur	2020-21	350	350
Manipur	2021-22	365	365
Meghalaya	2020-21	300	250
Meghalaya	2021-22	310	260
Odisha	2020-21	300	250
Odisha	2021-22	310	260
Punjab	2020-21	450	-
Punjab	2021-22	465	-
Rajasthan	2020-21	350	300
Rajasthan	2021-22	360	310
Tamil Nadu	2020-21	500	350
Tamil Nadu	2021-22	515	360
Tripura	2020-21	300	300
Tripura	2021-22	310	310
Uttar Pradesh	2020-21	350	300
Uttar Pradesh	2021-22	360	310
West Bengal	2020-21	350	300
West Bengal	2021-22	360	310

Note: Data represents annual average daily wages for the agricultural years (July-June). '-' indicates data not available.

Source: Labour Bureau, Ministry of Labour & Employment 64

6. Historical Export Performance of Handicrafts from Rajasthan (FY2021)

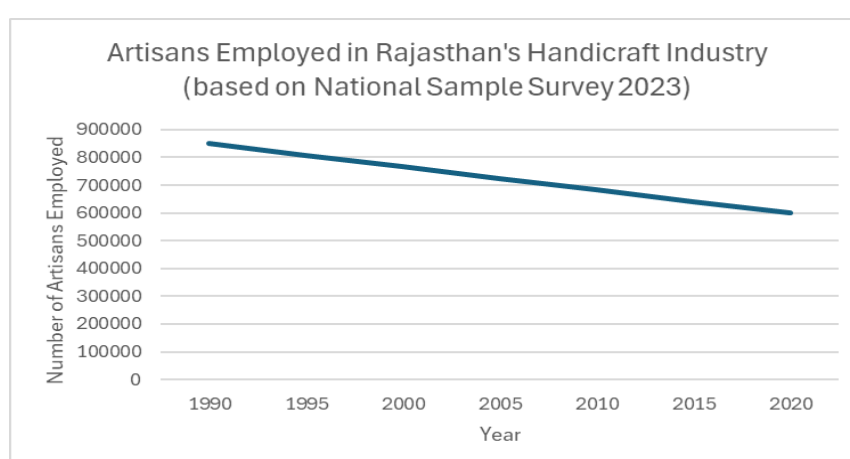
Historical Export Performance of Handicrafts and Related Goods from Rajasthan (FY2021, in INR Crores)	
Category	Export Value (INR Crore)
Handicrafts	6,205.32
Textiles	5,729.29
Gem & Jewellery	4,067.36
Readymade Garments	1,764.40
Carpet/Dari	464.7

Source: The Statesman, Rajasthan Handicraft Policy, 2022

The handicrafts reported the highest export value at Rs.6205 crore, which is followed by the textiles (Rs.5729 crore) and gem & jewellery (Rs.4067 crore). It can be stated that the readymade garments and carpet had relatively lower export values. Thus, handicraft sector can be identified as an important sector in case of Rajasthan.

Supply-Side Causes and Impact on the Skilled Labour Shortage

Over the past three decades, the artisan workforce within Rajasthan's handicrafts industry has experienced a sharp decline of 30%. From approximately 850,000 artisans in 1990, the number has fallen to close to 600,000 as of 2023 (National Sample Survey, 2023), as visually represented in Figure 1. With economies evolving to remain deemed fit in a globalized world, the prevalence of conventional industries, such as that of handicrafts, continues to lose relevance, with technology-focused industries gaining more traction from various stakeholders, including the workforce of a country. Sectoral segregation data from the Economic Survey of Rajasthan, 2023, provided insight into the economic contribution within the state, with agriculture contributing approximately 22% to GSDP, industries contributing 32%, and services contributing 46%. With handicrafts falling under industry, they are shown to contribute only 2.8% as of 2023 to Rajasthan's GDP, a number that remains threatened by a variety of supply-side factors contributing to this growing shortage in skilled labour. The handicraft sector contributes less than 1% to India's overall GDP but forms a critical part of the rural economy in states like Rajasthan, a state that still contributes over 10% of India's handicraft export earnings.



Source: National Sample Survey, 2023

The shortage of skilled artisans in Rajasthan has occurred as a result of several structural, economic, cultural, and environmental factors that have collectively exacerbated the issue, rather than a singular constraint hindering the availability of sufficient, skilled labor in the market, impacting the industry’s growth. One of the most significant factors, as introduced above, is the massive expansion in the service sector due to local and global technological advancements. As technology-driven industries like automotive manufacturing, IT services, and more have expanded, they have effectively attracted the younger workforce. For instance, Jaipur’s automotive parts and engineering goods sectors have seen a 20% CAGR growth in the last decade. The GSDP contribution of handicrafts has plummeted from 15% in 1990 to just 2.8% in 2023, whereas the service sector has surged to 46%.

Intergenerational attrition happens to be one of the gravest threats to the industry, directly linked to a decrease in labour participation. This issue is one that remains compelling to discuss, as a variety of reasons arise, including psychological ones, that come into discussion. Older artisans continue to sustain their livelihoods through traditional crafts, but their children increasingly migrate to urban centres or turn to alternative occupations such as driving or mechanical work (Financial Express, 2024). In Jodhpur District, a visible lack of interest among youth in pursuing crafts has been flagged as a major challenge, with scholars noting that this trend directly undermines the sector’s long-term sustainability (Maharshi & Bishnoi, 2024). In Jodhpur’s case specifically, the study describes how most artisans struggle with low and inconsistent incomes, with only some achieving moderate success, earning a stable livelihood. The 4th Handloom Census (2019–20) shows 67.1% of handloom worker households earning <₹5,000/month, 26.2% at ₹5,001–10,000, and only 1.2% above ₹20,000. On the contrary, average urban job wage earnings range at ₹23,974/month (Economic Survey of India, 23-24, Vol II).

Category	1990s	2019	2024
Handicraft Artisan	₹1,200-1,800	₹9,800	₹9,800-12,000
Service Sector Entry Job	₹4,000-5,000	₹22,000	₹23,974
Wage Gap (Service ÷ Artisan)	~ 3x	~ 2.2x	~ 2.4-2.5x

*Source: Wage Disparities within Employment Sectors in India
(Prepared by the author through sources: Economic Survey of Rajasthan 2023, Economic Survey of India 2024, Maharshi & Bishnoi, 2024)*

This intense wage disparity has led to a lure towards alternative employment in the service sector, which typically ensures a higher income. Such shifts are not confined to Rajasthan alone; studies show that across many developing countries, young people abandon artisanal trades for urban service-sector jobs offering more stable and immediate returns (Low Impact, 2021). There are a variety of comparative features that further fuel a change in career preferences. Alternative job opportunities within the service sector also typically ensure benefits, such as better hours, healthcare, and more. Given these disparities, younger generations are increasingly perceiving handicraft professions as financially unsustainable, with 86% of artisans' children now opting for urban employment, compared to 63% in 1990.

The issue is worsened due to the seasonal nature of demand for labour in the industry. An interview with a merchant operating in a company producing specialized crafts in Jaipur validated this statement, mentioning how even orders are planned accordingly to specific time-frames due to a lack of labour, especially during festivals where the labour force returns to their villages. The issue with seasonal demand for labour also leads to extreme job insecurity due to a lack of stability and a guaranteed means of income, which further discourages the younger generation from entering the workforce. An interesting discovery was made through an interview with M M Jewellers, which crafts handmade jewellery among other products, whose owner and sole proprietor, Mr. Manoj, stated, “Sometimes, workers are given gold for gold instead of monthly pay checks, due to the highly seasonal requirements for labour in this market”. The low lucrative nature of employment within this industry for potential artisans, coupled with high job uncertainty due to the seasonal demand for labour, has been crucial in disincentivizing the younger workforce to consider the industry for employment opportunities. The implications of the above-discussed factors that the workforce considers before choosing their employment are important to address. Hereditary learning suffers a decline, as younger generations choose to pursue formal education and urban jobs, which also leads to a loss in cultural significance that this industry currently has, as the tradition of specialized skills required to make handmade crafts is not passed on by older artisans due to a lack of interest by younger generations.

The rise in input costs has aggravated supply chain complexities, with a strong increase in the overall costs of production for firms employing handicraft artisans. Inflation has been steadily rising, influencing the price levels of obtaining required resources and leading to forced compromise for handicraft firm owners in the industry. The sole proprietor of M M Jewellers

mentioned how the 14-15% increase in gold rate has led to a reduction in the amount that can be obtained. COVID-19 was a significant reason behind rising inflation. During another interview with a silver merchant of an artisan-led firm, it was agreed upon that the pandemic impacted the market significantly, with inflation rising at a higher rate post-pandemic, stating how the situation pre-pandemic was more stable. According to the British Council's Taking the Temperature Report 2, by October 2020, 16% of creative sector firms in India were facing permanent closure, while 22% had lost more than 75% of their annual income, and 19% remained temporarily closed, with 90% fearing long-term damage and 60% expecting recovery to take close to or over a year. Although firms were harshly impacted here, AIACA's qualitative survey of artisans revealed that 95% of individual artisans themselves had lost wages and sales, with 91% seeing stalled orders, and 89% losing raw-material access. Among craft organizations, 75% had clients pause orders, 50% closed premises, and 63% urgently needed financial assistance. Even post-recovery, production levels remain 22% below pre-pandemic benchmarks, highlighting the long-term impact of the crisis.

Raw material prices also saw a potent increase, which influenced the acquiring capacity of many firms in the industry, as validated by a silver merchant interviewed during the data collection. The increased cost of raw materials also discourages investment in traditional crafts, as artisans struggle to procure high-quality inputs. To portray the graveness of this issue, price changes for 3 different commonly used raw materials have been presented below.

Material	2010	2019	2024	Increase (2019-2024)
Silver	₹27,255/kg	₹40,600/kg	₹77,800/kg	+43%
Gold	₹16,32,000/kg	₹31,64,000/kg	₹69,13,500/kg	+63%
Copper	~₹458/kg	~₹729/kg	~₹855/kg	+17.5%

Source: DMKHCA, Gold and Silver Rates (2010–2025)

Labour shortages have significantly inflated production costs, making Rajasthan's handicrafts less competitive in global markets. A rise in production costs has taken place through various means, often extremely specific to diverse firms operating in the industry. For instance, M M Jewellers note that some materials have to be imported, such as gold, which faces currency depreciation in the economy. Furthermore, the issue is heightened as gold needs to be registered online, leading to greater production costs. This indirectly, yet significantly, impacts the labour force as a drastic increase in production costs has reduced profit margins for artisans, leading

to many either cutting back on production or exiting the industry entirely. These price hikes have made handcrafted goods less affordable, impacting domestic sales and reducing export orders by 19% in premium European markets. Many producers are struggling to absorb these rising labour costs, considering machine-assisted production methods, which threaten the authentic appeal of handcrafted goods. For the labour force, this can mean a reduction in wages, and, in worse conditions, layoffs, which create job security concerns and weaker employee support systems.

This study could have been improved upon by surveying and incorporating more stakeholders in the research. The limited survey responses from the enterprises act as a limitation to the present study. Simultaneously, lies in expanding both depth and breadth, such as using broader surveys of larger and more diverse samples, which could capture cross-district variations within the industry, focusing on factors such as artisan livelihoods. Comparative studies across states (e.g., Uttar Pradesh, West Bengal) could highlight best practices and policy lessons directly transferable to Rajasthan.

Incorporating demand-side perspectives such as consumer willingness to pay for sustainable, handmade goods would allow for a more balanced assessment of market opportunities. Finally, future research could explore the role of technology adoption in an ever-changing, globalised environment and government policy in shaping the future of artisanal employment.

5. Conclusion

The skilled labour shortage in Rajasthan's handicraft industry is more than just a workforce issue; it is a deep-rooted economic and cultural crisis. Economic transformations, urban migration, wage disparities, and market competition have collectively fueled this decline. The impact extends beyond artisans to businesses, consumers, and Rajasthan's global market position. Without urgent intervention, including modernized vocational training, financial incentives, and strategic adaptation to global trends, Rajasthan risks losing not only a vital economic sector but also an irreplaceable part of its cultural heritage. Addressing these challenges is crucial to ensuring that the legacy of Rajasthan's artisans endures for future generations.

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