

Using a Regression Model, Evaluating the Economic Impact of COVID-19 on Rural Artisans

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Abstract: *The novel coronavirus (Covid-19) outbreak poses enormous problems for the artisanal sector. The effects of COVID-19 on rural artisans are investigated using a practice-based methodology in this paper. It stresses the unofficial nature of artisans' work and the ways in which government policies have made rural communities more at risk. This research analyses government documents in response to the COVID-19 outbreak to determine the economic and social effects the epidemic has had on rural artisans. We point out the major governmental obstacles and provide solutions that can help artisans recover from the pandemic's devastating effects.*

Keywords: COVID-19, Regression Model, Economy

1. Introduction

Since the year 2019, the world has been dealing with a global health crisis known as the COVID-19 pandemic. This pandemic is causing individuals to suffer in ways that have never been seen before, driving them into the utter darkness of uncertainty and a life of precarious existence. The pandemic brought on by the coronavirus illness (COVID-19), which is currently the most serious public health issue facing the world, is on track to inflict widespread disruption in social, economic, and political systems as well as individual lives (Sengupta Jha 2020). This pandemic is having a far from uniform influence on the various communities and subgroups that make up our society, despite the fact that it is affecting every part of society in every geographical location. Communities that produce handmade goods (artisans) are among those that have been hit the hardest by the COVID-19 pandemic.

As a result of the closure of markets, disruptions in transportation, falling consumer demand, and fewer tourists visiting the area, artisan communities have been seriously hampered in their ability to recover or make a comeback. Since "start-ups and small firms are among the most vulnerable actors in the economy," the topic of discussion has shifted to focus on the artisan industries and those who are in the business of arts and crafts (Koltai et al 2020).

India's initial response, which began on March 25, 2020, was a complete lockdown in response to the ongoing COVID-19 pandemic, while governments and communities all over the world are trying to adopt a variety of strategies to combat the healthcare burden caused by the pandemic. Although it was successful in delaying an increase in cases, it came with significant economic expenses. This was especially true given that the lockdown lasted until far into May 2020. The Indian artistic and cultural sectors are also adjusting to a new way of life as the country is currently relaxing some of its limitations and the rest of the world is becoming accustomed to living with this so-called "new normal." As part of its main goal, the study wants to look into this effect in more depth.

During phases 1 and 2 of the nationwide lockdown, both artisans and craft enterprises encountered challenges such as widely spread cancellation of purchases; pending payouts; a rising stock level; consignments that were either put on hold

or became stuck in transit; and a generalised sense of confusion regarding regional federal government relief actions and measures. These were just some of the difficulties that were encountered. There was an absolute halt in the production of goods for the company.

When it comes to large-scale craft businesses, a specific observation made was that a lot of people were preparing themselves for the closure of a few locations. There were many instances in which the staff's salary had not been paid. Others were discovered reviewing the production planning, engaging in exploratory work, establishing back-up plans, new designs, and a strategy for their web presence. The purpose of this article is to discuss some of the worries that the handicraft industries have during times of pandemic and the manner in which these groups are coping with such a catastrophe by demonstrating their resilience.

Weavers, crafters, block designers, embroidery makers, sculptors, and a whole host of other types of artisans make up the majority of the workforce in artisan industries. As a result, they are not recognisable in the same way that migrant workers are, and as a result, they are being ignored in policy debates. As a result, their means of subsistence are in jeopardy as a result of the epidemic. Many of them come from rural areas of India, where they produce their wares in their homes and then sell them at market stalls and fairs in urban areas, as well as to large-scale stores. However, due to the mandatory lockdown, all of their raw supplies have been held up, and orders have been cancelled, causing ongoing concerns about their way of life. This paper, which is based on a survey of the relevant literature, focuses primarily on the fragile aspect of the artisanal sector and how vividly it has come into focus over the past few months as the industry has been reforming itself in response to COVID-19. Efforts have also been made to offer strategies for redesigning the artisanal industries post-COVID-19 and to demonstrate the acts of resilience that Indian artisans have displayed in the face of this epidemic. These efforts may be found in the paper.

In this part of our research, we are focusing on the production sector of handicrafts and handlooms. A "MSMEs and Handicraft/Handloom" is a handicraft occupation that requires expert use of one's hands. The Sixth Economic Census was just updated to include a large section on craft

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industries. This shows how important this part of the economy is to the economy of the whole country.

According to the Census, these businesses have a predominantly rural customer base. According to it, there are a total of 18, 73, 624 handicraft and handloom establishments in India, of which 59.6% are situated in rural areas. In addition, 14, 77, 380 businesses (or 78.9%) were operated without the assistance of paid employees. In addition, 88.7% of these businesses were long-term fixtures, 9.0% were temporary, and the remaining 2.3% were sporadic in their operations. West Bengal is in first place with 17.6% of the total number of handicraft and handloom establishments in the country, followed by Uttar Pradesh (16.5%), Odisha (7.8%), Andhra Pradesh (7.5%), and Tamil Nadu (6.8%).

2. Literature Review

An investigation conducted in the United States on the effects of COVID-19 found that the outbreak of the coronavirus caused substantial economic issues for creative and cultural forms, the majority of which were attributable to limitations on assembly and quick changes in customers (Guibert & Hyde, 2021). During the pandemic crisis, countries in Europe's artisan community also endured significant economic hardships. A significant amount of cash was lost by artists in Europe as a result of the suspension and postponing of sales, agreements, concerts, and training programmes ("Cultural and Creative Sectors," 2021).

Ahamed and Karim (2019) demonstrated in their research the socioeconomic status of artisans in the regions of Birbhum by going door to door and interviewing one hundred craftspeople about their income and their goals for the future. This was done in order to compile their findings. The research study on the cooperative business strategy of Kantha art pointed out a few problems with commercial endeavours involving this type of artwork, such as a lack of original design, advertising facilities, lack of organisational partnership, and dependence on middlemen (Palit, 2021). The authors of each of these studies came to the same conclusion: kantha art businesses need to change their business models and start using structured marketing strategies.

In an article titled "Explaining the Financial Crisis of Artists and the Current Situation of Women Artisans in the Context of a Global Pandemic," Caust (2021) provided an explanation of the financial predicament that artisans are currently facing. As a result, the research uncovers a glimmer of optimism in the fact that artisans are increasingly embracing digital talent in order to ensure their own survival. According to research compiled by the British Council, FICCI, and Art X, the COVID-19 epidemic has resulted in an entirely unpredictable outlook for the Indian creative economy, and the situation of MSMEs is at its most precarious level ("Impact of Covid 19," 2021).

In their study on the women who stitch Kantha, Roy and Biswas (2011) analysed the value chain of the Kantha sector, taking into account the relevant constraints and

opportunities. After conducting an examination of the replies obtained from one hundred different craftspeople located in the Santiniketan area, the researchers emphasised the importance of having a defined marketing policy for products utilising the Kantha stitch. In a different piece of study, the authors compare the two groups of Birbhum and North 24 Parganas in order to shed light on how the Kantha skill has contributed to the advancement of women in West Bengal. This style of needle art has developed throughout the domestic spectrum, and in some fundamental sense, it is related to the empowering of rural women's workforce.

Academics and researchers have provided a variety of responses to the question of what impact it will have on individuals working in MSME sectors, which includes artisans. While others felt that the existing aid package and reclassification were insufficient to save the micro, small, and medium-sized enterprise sector. They contend that the Relaunch India campaign will not be successful until the eco-system for micro players in the MSME sector is streamlined to the point where it encourages even undergraduate students to boldly step into initiating a business. This would be the first step toward their goal (Vaishali 2020) of getting India's economy going again.

3. Objectives

For our paper here, we have considered the following objectives:

Obj.1: Variables (raw materials, demand) had a significant impact on the production rate of handicrafts during the epidemic.

Obj.2: Is the pandemic influencing the livelihood of handicraft artisans?

Obj.1. Variables (raw materials, demand) had a significant impact on the production rate of handicrafts during the epidemic.

Table 1: (source: Thakur & De, 2020)

Availability of raw material	Sales of product
Available 14%	Yes 14%
Not Available 86%	No 86%

Due to a lack of available raw materials

During the COVID-19 outbreak, the flow of these supplies was severely disrupted, and the majority of response artisans (86%) were unable to get the raw materials necessary for their craft due to lockdown limitations.

Decreasing demand from middlemen

In contrast, the creation of raw resources and handcrafted artworks was severely hampered by the downhill trajectory of demand from importers, distributors, visitors, and shop owners during the lockdown period, when haats, fairs, and displays were also outlawed. By encouraging sales, middlemen are one of the primary channels in the production flow process. Throughout the epidemic, they did not allow the sale of handcrafted items by artists. Only 14% of participants may sell their products through middlemen during the lockout period.

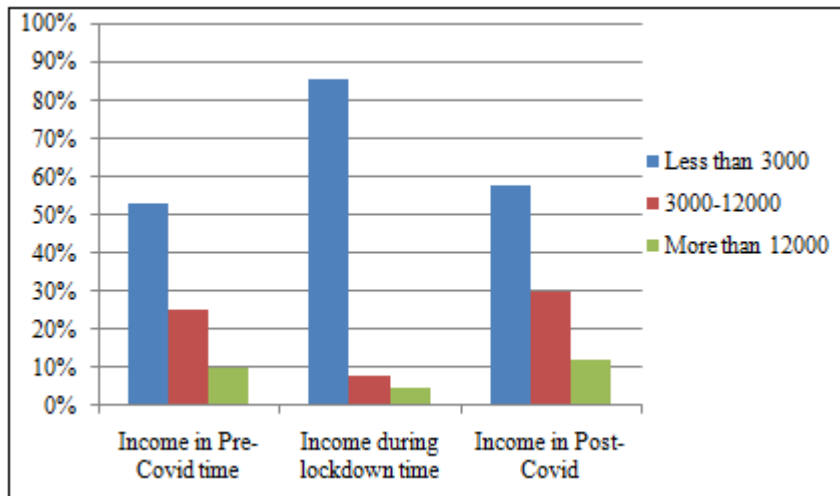
Obj.2: Is the pandemic influencing the livelihood of handcraft artisans?

By income level and the requirement of new job resources, we can find out how the pandemic has affected the livelihood of artisans.

Income of Handcraft artisans:

Table 2: (source: Thakur & De, 2020)

	Income in Pre-Covid time	Income during lockdown time	Income in Post-Covid
Less than 3000	53%	86%	58%
3000-12000	25%	8%	30%
More than 12000	10%	5%	12%



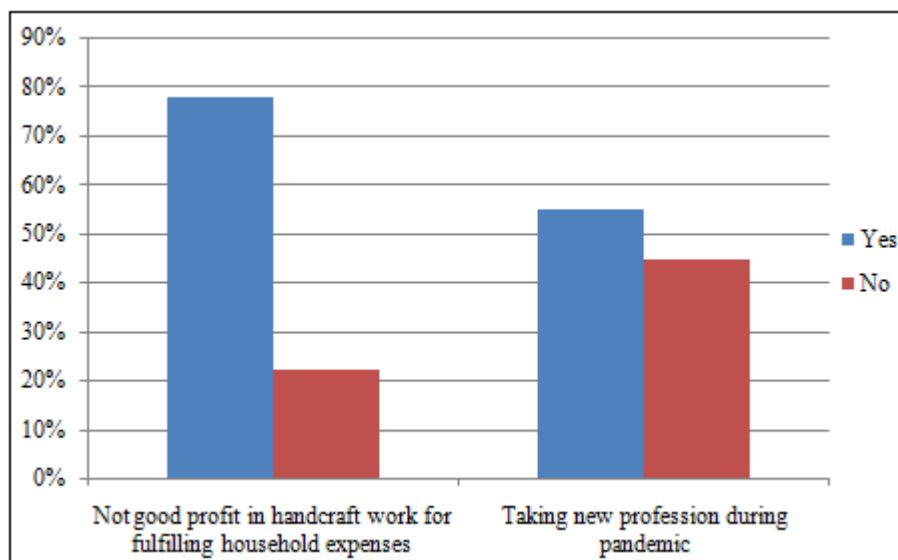
Graph 1

The above table and chart show that during the pandemic, 86% percent of respondents earned "less than Rs.3, 000" per month, which is comparatively higher than pre and post-covid times.

Handcraft as livelihood resource:

Table 3: (source: Thakur & De, 2020)

Artisans opinion	Not enough profit in handcraft work for fulfilling household expenses	Taking new profession during pandemic
Yes	78%	55%
No	22%	45%



Graph 2

The above table shows that the majority of respondents, i. e., (78%), artisans agree that they are not getting a good profit from the handmade practices to meet their household expense requirements. And during the pandemic time, 55% of the artisans were looking for a different profession than handcraft work.

4. Methodology

The investigation made use of a quantitative methodology, more precisely the survey approach, because this methodology was able to carry out the measurable analysis of the impact that COVID-19 had on the income and

livelihood of handmade artisans. For this analysis here, we have used a regression analysis tool.

5. Results and Conclusion

After applying regression analysis on table 2 “Income of Handcraft artisans” the following result has arrived:

Table 3: Results of regression

	Income in Pre-Covid time	Income during lockdown time	Income in Post-Covid
Constant	15091.67	12202.94	15449.13
Reg. Coefficient	- 2.19034	- 1.0716	- 2.03474
R ² (%)	0.94	0.99	0.91
t-stat	- 3.928492049	- 14.49790676	- 3.265015315
Dependent variable: Total income			

The above table explains high R2 for income in pre-Covid time (0.94), income during lockdown time (0.99) and income in post-Covid (0.91) time, which indicates less variation explained by error rather than independent variables.

While looking for the t-stat value for income in Pre-Covid time i. e. (-3.928492049), income during lockdown time is (-14.49790676) and income in Post-Covid is (-3.265015315), it indicates a negative and significant value, which means all independent variables have a negative and significant impact on total income (dependent variable).

6. Conclusion

As a direct consequence of the lockout, nearly all business-related activities have come to a halt. In both rural and urban contexts, people who work in the handcraft industry, migrant laborers, and the homeless all face significant salary and employment losses.

In our study, we have discussed the sales of handmade products, income level, and the artisan’s opinion about handcrafts work. Is it fulfilling their household expenses or not, or should they opt for a new profession during the pandemic?

Hence, our finding says that the COVID-19 pandemic is influencing the livelihood of handcraft artisans; their income level is also decreasing during and post pandemic.

Safety measures taken by Government:

- 1) Regulations issued by the government during the lockdown period exempt production and the supply chain for raw materials have been delivered in an adequate quantity. The challenges with Execution results in a shortage of artisans, and decreasing costs are another issue that needs to be addressed.
- 2) The easiest way to stop the COVID-19 virus from spreading in rural areas is to keep people from getting too close to each other.
- 3) To help ease the consequences of the present crisis, the government's assistance strategy and any social

assistance programme should be extended to include farmers, labourers, and artisans.

- 4) It is up to the government to get rid of things that get in the way of trade by not putting limits on goods that are imported or exported.

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