Economic Empowerment of Woodcraft Artisans in Uttar Pradesh: The Role of Institutional Support and Financial Inclusion

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Abstract: *Handicrafts are one of the major contributors of rural non-farm employment in India and play significant role in creating livelihoods, preserving culture and inclusive economic development. Uttar Pradesh is one of the prominent handicrafts producing states of the country and its various districts are famous for their traditional handicrafts like Saharanpur, Moradabad, Varanasi, Bhadohi, Agra etc. In these, Saharanpur is known for its wood crafts business and it is a source of livelihood for thousands of artisans and plays a significant role in the handicraft economy of the state (Government of Uttar Pradesh, 2024; Ministry of Textiles, 2023). Although the sector is economically significant, it still suffers from poor institutional support, low access to formal finance, poor market linkages, technological constraints and income insecurity, thus limiting the socio-economic empowerment of artisans (NITI Aayog, 2023).*

In this backdrop, the present study explores the socio-economic profile of woodcraft artisans and investigates the significance of institutional support and financial inclusion for the economic empowerment of artisans in Saharanpur district, Uttar Pradesh. The study is descriptive and analytical, which is a type of research based on primary data obtained from 72 woodcraft artisans who were given a structured questionnaire. The socio-economic characteristics and perceptions of the respondents about economic empowerment, institutional support, and financial inclusion are analysed using descriptive statistics such as frequencies, percentages, mean scores and standard deviations. Internal consistency of the measurement scale was examined using Cronbach's alpha and Pearson's correlation analysis was used to test the relationships between the study variables.

The results indicate that woodcraft is still the primary source of livelihood for most of the respondents and has a positive impact on the livelihood security, financial independence and household income. But artisans are still facing problems due to poor government support, less participation in institutional programmes, less marketing support and less stable income. While financial inclusion has been enhanced by increased access to formal financial institutions, institutional interventions are still inadequate to achieve sustainable economic empowerment. The study suggests that the livelihoods of

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the artisans of the handicraft sector in Uttar Pradesh and its sustainability in the future can be improved by strengthening institutional support systems, making accessible and affordable credit available to artisans, increasing skill development programs, promoting digital and export-oriented marketing, and increasing the involvement of artisans in government development schemes. The results offer empirical evidence to the policy makers and development agencies to support the enhancement of the rural development based on artisans and the maintenance of the traditional handicrafts heritage of India.

Keywords: Handicraft Sector, Woodcraft Artisans, Economic Empowerment, Financial Inclusion, Institutional Support, Saharanpur, Uttar Pradesh and Sustainable Livelihoods.

Introduction

Handicrafts play a crucial role in the Indian rural economy and hold a prominent place in creating employment opportunities, conserving traditional knowledge, fostering cultural heritage and inclusive economic growth. The sector is one of the largest decentralised cottage industries that creates livelihood opportunities for millions of artisans, especially from economically weaker sections, women and marginalised communities. The ministry of Textiles (2023) states that the Handicraft Industry of India is known for its rich diversity, artistic excellence and export potential, and it plays a significant role in providing employment opportunities and earning foreign exchange to the rural masses. In addition to its economic impact, the handicraft industry plays a vital role in preserving traditional crafts and maintaining cultural heritage and identity (UNESCO, 2022).

Uttar Pradesh is one of the top states in India for handicraft production, boasting a wide variety of craft traditions, such as wood carving, brassware, carpets, glassware, chikankari embroidery, pottery, and leather products. The state's handicraft industry has also been boosted by the Government of Uttar Pradesh's One District One Product (ODOP) initiative, aimed at supporting the promotion of traditional industries specific to each district, increase competitiveness in the market, enhance the skill of the artisans, and provide access to finance and modern technology (Government of Uttar Pradesh, 2024). Despite these efforts, a large number of artisans are facing problems like low and unstable income, lack of institutional support, lack of market access, lack of financial literacy, technological backwardness, and rising competition from machine-made products and imported products (NITI Aayog, 2023).

Saharanpur district has become one of the most prominent districts for woodcraft manufacture in the country as one of the handicraft clusters of Uttar Pradesh. The district has a long tradition of complex wood carvings and handmade furniture, decorative items and useful products, all sold throughout India and exported overseas. Woodcraft is a significant industry in Saharanpur, providing jobs and playing a role in the economic development and maintenance of traditional craftsmanship in the area. It is one of the most economically important traditional clusters of crafts in the northern regions of India, directly or indirectly supporting thousands of households (Ministry of Textiles, 2023).

Although the craft of woodworking holds significant historical value and has new market potential, the socio-economic status of many woodcraft artisans is still precarious. In spite of these developments, artisan livelihoods remain vulnerable to rising production costs, irregular work, reliance on intermediaries, weak bargaining power, low access to institutional credit, volatile raw material prices, lack of social security protection, and weak uptake of digital marketing platforms (International Labour Organization [ILO], 2021). While the government has launched several schemes to promote the welfare of artisans such as the National Handicrafts Development Programme (NHDP), ODOP, Mudra Yojana, Skill India Mission, and Digital India, the impact of these schemes at the grassroots level is still not well documented (Ministry of MSME, 2023).

The concept of economic empowerment is gaining increasing importance as a measure of the welfare of artisans, as it involves not only a better income and increased savings, but also greater financial independence, access to productive resources, entrepreneurial capacity, and inclusion in decision making in the household and community (Kabeer, 1999; Alsop & Heinsohn, 2005). The role of institutional support, such as government support, training programmes, marketing facilities, cooperative participation, and access to financial institutions, is also significant in improving the productivity of artisans, development of enterprises, and their sustainability in the long term. Similarly, financial inclusion helps artisans to access formal banking services, low-cost credit, insurance, digital payments and savings arrangements, which decreases their economic vulnerability and promotes business growth (Demirgüç-Kunt et al., 2022).

While some studies have focused on handicraft production and livelihoods of artisans in India, and some have explored financial inclusion and economic empowerment of artisans, few empirical studies have explored the combined effect of institutional support and financial inclusion on the economic empowerment of woodcraft artisans in Uttar Pradesh, specifically in the context of Saharanpur district. The majority of the studies conducted have concentrated on marketing problems, export performance or traditional craftsmanship, and little attention has been paid to how institutional mechanisms affect artisans' socio-economic outcomes. This disparity highlights the importance of empirical data that can form the basis of policies to enhance the welfare of artisans and the sustainability of traditional handicraft industries.

In this background, the present study explores the socio-economic profile of the woodcraft artisans and the impact of institutional support and financial inclusion on their economic empowerment in Saharanpur district, Uttar Pradesh. The results will help to contribute to the body of knowledge on rural livelihoods, artisan entrepreneurship and inclusive development and will offer policy recommendations for policy makers, financial institutions and development agencies promoting the handicraft sector.

Literature Review

1. Handicraft Sector and Rural Livelihoods

Handicrafts are known as a significant part of the Indian rural economy which plays a vital role in creating jobs, alleviating poverty, preserving culture, and ensuring sustainable development. It is a sector that requires low investment and is labour intensive, and offers employment opportunities to millions of artisans, especially women, the marginalized and rural households with less access to formal employment (Ministry of Textiles, 2023). UNESCO (2022) states that traditional handicrafts not only add value to the economy but also help to maintain indigenous knowledge, cultural identity and craftsmanship passed on from generation to generation. With the rising demand for handmade and eco-friendly products in recent years, the scope for growth of handicraft businesses in the domestic as well as international markets has been broadened.

However, several studies have documented that artisans still face socio-economic issues such as low productivity, irregular employment, poor infrastructure, reliance on intermediaries and limited access to modern technology and formal markets (NITI Aayog, 2023). Artisans' competitiveness is hampered by these structural constraints and their ability to take advantage of increasing market demand is constrained.

2. Institutional support and development of artisans.

The institutional support is an important factor in improving the productivity and sustainability of handicraft businesses. The Government has taken various initiatives to enhance the production capacity and competitiveness of artisans, including skill development programmes, entrepreneurship training, and financial assistance. Common facility centres and cluster development initiatives have also been introduced to support artisans (Ministry of MSME, 2023). The Government of Uttar Pradesh has also given a boost to these initiatives under the One District One Product (ODOP) programme, which aims to promote traditional industries of the districts by providing support for product branding, technology upgradation, export promotion and market access (Government of Uttar Pradesh, 2024).

The previous studies indicate that institutional support has a significant impact on the performance of enterprises by providing access to training, enhancing production efficiency, promoting innovation and enhancing market linkages (Rao and Singh, 2022). But there are also a number of studies that suggest that the advantages of government schemes are not always realised because of poor awareness, cumbersome processes, delayed grants and outreach among the rural artisans (Sharma & Verma, 2021). As a result, most of the artisans still have informal production systems and traditional marketing channels.

3. Financial inclusion and economic empowerment.

Financial inclusion has been identified as an important approach to inclusive economic growth that gives people access to affordable financial services such as financial education, financial literacy programmes, digital payment systems, insurance and institutional credit. Demirgüç-Kunt et al. (2022) state that financial inclusion helps households and micro-enterprises engage in productive activities, cope with financial risks, and increase economic security in the long term.

At the micro-level, the use of formal financial services helps artisans to acquire raw materials, improve production technologies, increase the scale of their operations, and avoid borrowing from informal sources with high interest rates (World Bank, 2022). The government's initiatives like Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Mudra Yojana (PMMY), and Digital India have played a crucial role in increasing the banking access of rural people. However, empirical evidence shows that many artisans still face challenges such as lack of collateral, financial illiteracy, low digital literacy and lack of awareness about government credit schemes, which hinder the proper access and use of formal financial services (Reserve Bank of India, 2023).

4. Economic Empowerment of Artisans

Economic empowerment is about people's ability to exercise more control over productive resources, income generation, financial decision making and economic opportunities. Kabeer (1999) defined empowerment as an increase in people's capacity to make strategic life choices, while Alsop and Heinsohn (2005) focused on access to assets, opportunities and institutional resources as important factors affecting empowerment.

Economic empowerment in the case of handicraft artisans is manifested as an increase in household income, savings, financial independence, entrepreneurial capacity, living standards, and household decision making. Institutional support, financial inclusion, skill development, and market accessibility have been shown to have positive impacts on the economic status of artisans in previous empirical research, which enhance their productivity and income generation potential (Bansal & Kumar, 2023; Singh & Gupta, 2022). But, volatile markets, price volatility, reduced negotiating power and poor institutional collaboration remain to limit sustainable economic empowerment of traditional artisans.

5. Handicraft Development in Uttar Pradesh: The Case of Saharanpur

Uttar Pradesh is one of the most significant states of India in terms of the handicraft sector, having a rich tradition of crafts and a large population of artisans. Saharanpur is one of its many handicraft clusters and is renowned for its wood carving industry, which creates intricately designed furniture, decorative items and utility items for sale in the domestic and international markets. The woodcraft industry contributes to the economic development of the region and employment to thousands of artisans in the district (Government of Uttar Pradesh, 2024).

The policy interventions in recent years, especially the ODOP programme, have improved the artisans of Saharanpur in terms of product branding, export promotion, digital marketing, and skill development. But research is still underway, and the industry faces a number of limitations that hinder its long-term development and sustainability, including price volatility in raw materials, lack of modernization, poor design innovation, competition from machine-made products, and a lack of institutional coordination (Ministry of Textiles, 2023). The results suggest that the improvement of institutional support mechanisms and increase of financial inclusion are important for the improvement of artisans' livelihoods and the competitiveness of the woodcraft sector.

Research Gap

While the production of handicrafts, rural entrepreneurship and the livelihoods of artisans have been studied in great detail, there is a lack of empirical study that has focused on the linkages between institutional support, financial inclusion and economic empowerment of woodcraft artisans in Uttar Pradesh. To date, research has been focused on marketing problems, export performance, or traditional craftsmanship, and few studies have examined the interaction between institutional interventions and access to formal financial services and their impact on the economic results of the artisans. Moreover, the evidence at the district level of woodcraft clusters like Saharanpur is scanty. In this context, the present study aims to fill this void by offering empirical findings related to the socio-economic status of woodcraft artisans and the role of institutional support and financial inclusion in their economic empowerment in the Saharanpur district, which adds to the existing literature on rural livelihoods, artisan entrepreneurship, and inclusive development.

Research Objectives

The handicraft industry has great potential to improve the socio-economic conditions of the rural artisans by providing better employment opportunities, entrepreneurship and income generation. The role of institutional support and financial inclusion in economic empowerment of artisans, however, is not very well explored, especially in the context of woodcraft sector of Uttar Pradesh. In this context, the present research aims at the following:

1. To study the socio-economic profile of woodcraft artisans of Saharanpur district Uttar Pradesh.
2. To study the role of institutional support and financial inclusion in economic empowerment of woodcraft artisans in Saharanpur district Uttar Pradesh.

The aims are useful to comprehend the socio-economic profile of artisans and to assess the impact of institutional resources and formal financial services on the economy of the artisans.

Research Hypotheses

The following hypotheses were formulated for testing based on the goals and the literature reviewed:

Null Hypotheses (H_0)

H_{01}: There is no significant relationship between institutional support and economic empowerment of woodcraft artisans in Saharanpur district.

H_{02}: There is no significant relationship between financial inclusion and economic empowerment of woodcraft artisans in Saharanpur district.

Alternative Hypotheses (H_1)

H_{11}: There is a significant positive correlation between institutional support and economic empowerment of woodcraft artisans in Saharanpur district.

H_{12}: There is a significant positive relationship between financial inclusion and economic empowerment of woodcraft artisans of Saharanpur district.

Correlation and regression analyses are used to test the hypotheses and to determine the magnitude and direction of the relationships between the independent and dependent variables.

Conceptual Framework

The theoretical underpinning of the study is based on two theories, Empowerment Theory (Kabeer, 1999) and Sustainable Livelihood Framework (DFID, 1999). These frameworks imply that the availability of institutional resources, financial services and livelihood opportunities increases the capabilities of individuals, bolster productive assets and consequently socio-economic wellbeing.

In this study, economic empowerment is the dependent variable, which is defined as an increase in income, financial independence, savings, livelihood security, and overall economic well-being. The variables considered as independent variables that most influence economic empowerment are institutional support and financial inclusion.

The conceptual relationship suggested in this study is shown below:

1. Independent Variables

1.1: Institutional Support

- Government assistance
- Skill development programmes
- Marketing support
- Training opportunities
- Institutional guidance

1.2: Financial Inclusion

- Access to banking services
- Educational facilities and infrastructure
- Savings behaviour
- Digital financial services
- Financial literacy

2. Dependent Variable

- Economic Empowerment
- Better access to public services
- Financial independence
- Improved savings
- Better health and nutrition
- Improved livelihood security

The framework is based on the premise that enhanced productive capacity and market engagement of artisans, through effective institutional support, and increased financial inclusion, through access to financial resources, can enhance the capacity of artisans to undertake enterprise development. All these factors are expected to have a positive impact on the economic empowerment of woodcraft artisans together.

The conceptual model is the basis for the analysis of relationships between the variables of the study and testing of the hypotheses using empirical analysis.

Research Methodology

1. Research Design

In this research, the researcher used quantitative research method with descriptive and analytical research design to analyse the socio-economic conditions of woodcraft artisans and to evaluate the impact of institutional support and financial inclusion on the economic empowerment of woodcraft artisans. A quantitative approach was deemed appropriate because it allows data to be collected, measured, and analysed statistically, which helps to identify relationships between the variables in the study (Creswell & Creswell, 2018). The descriptive part gives information about the demographic and socio-economic conditions of artisans, and the analytical part analyses the relationship between institutional support, financial inclusion and economic empowerment using inferential statistical techniques.

2. Study Area

The study was carried out in Saharanpur district of north-western part of Uttar Pradesh. The district is known for its traditional wood craft industry and has become one of the prominent handcrafted wood furniture, decorative and carved products manufacturing hub in India. The wood craft industry in Saharanpur is of long-standing tradition and it employs thousands of artisans engaged in carving, polishing, finishing and marketing of the products and many others who are indirectly involved in the industry. The district has been identified under the One District One Product (ODOP) programme of the Government of Uttar Pradesh to encourage skill development, financial assistance, technological support, branding and export promotion of traditional industries (Government of Uttar Pradesh, 2024). Thus, the choice of Saharanpur as the study area was found appropriate as it is one of the most important woodcraft clusters in India and also offers an ideal scenario to study the socio-economic situation of the handicraft artisans.

3. Population of the Study

The target population consisted of registered and unregistered woodcraft artisans in Saharanpur district who were working in the manufacturing of wooden handicraft products. The artisans encompassed self-employed craftsmen, household craftsmen, wage artisans, and small entrepreneurs in the different steps of woodcraft production. The population was chosen since they are the main stakeholders involved in maintaining the traditional woodcraft industry in the district.

4. Sample size and sampling technique.

The study was done with 72 woodcraft artisans of various production units and artisan clusters of Saharanpur district in Uttar Pradesh. The respondents were selected using purposive sampling technique, which aimed to select respondents who were involved in woodcraft production and had enough experience to give reliable information on institutional support, financial inclusion and economic empowerment. When the study is directed towards a special group of occupation that has specific knowledge and experience within the study objectives, then the purposed sampling is suitable (Etikan et al., 2016).

The 72 respondents were considered sufficient for the purpose of the study since the study was not concerned with estimating population parameters but rather concerned with examining relationships among variables. Hair et al. (2022) state that multiple regression analysis can yield accurate estimates if there is a sufficient number of observations to predictor variables. There were two independent variables in the present study and over 35 observations per predictor, which is greater than the recommended minimum number of observations for regression analysis.

In addition, the small sample sizes used in similar empirical studies focusing on artisans and micro-enterprises are often due to the widespread lack of comprehensive sampling frames, the high proportion of informal workers, and the dispersed location of artisans. Hence the sample size of 72 respondents was deemed adequate to meet the objectives of the study and to perform the desired descriptive, correlation, reliability and regression analysis.

5. Sources of Data

The study was based on primary and secondary data.

Primary data was collected through field visits using a structured questionnaire from the artisans involved in woodcraft making. The questionnaire was closed-ended and aimed to gather information on the demographic characteristics, occupational profile, institutional support, financial inclusion, and economic empowerment.

Secondary data were gathered from government publications, reports from the Ministry of Textiles, ODOP documents, Reserve Bank of India publications, NITI Aayog reports, journal articles, books, conference papers, reports by national and international organizations. These sources gave contextual information about the handicraft sector and development of artisans in Uttar Pradesh.

6. Research Instrument

Relevant literature review on handicraft development, financial inclusion and economic empowerment was done and a structured questionnaire was developed. The questionnaire consisted of two sections.

The first section gathered information on socio-economic characteristics, such as age, gender, education, occupation, household income, work experience and enterprise characteristics.

The second section assessed the study constructs with statements rated on a 5-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree). The three main constructs measured were:

- Institutional Support
- Financial Inclusion
- Economic Empowerment

In order to enhance the reliability and validity of the measurement, multiple indicators were used for each construct.

7. Instrument's reliability and validity.

Cronbach's Alpha coefficient is one of the most widely accepted measures of reliability for multi-item scales (Hair et al., 2022) and was used to assess the internal consistency of the questionnaire. An alpha of >0.70 was deemed to be satisfactory internal consistency.

Content validity was obtained by reviewing the literature and consulting with subject experts in the fields of rural development, entrepreneurship, and handicraft studies. Prior to field administration, the questionnaire was also pretested to make sure that each question is clear, relevant, and appropriate.

8. Variables of the Study

The study had one dependent variable and two independent variables.

Dependent Variable

- Economic Empowerment

Independent Variables

- Institutional Support
- Financial Inclusion

The indicators for economic empowerment included economic wellbeing, income improvement, financial independence, saving and livelihood security. The institutional support covered government support, skill development, marketing support and institutional facilitation, while financial inclusion covered financial access, institutional credit, savings behaviour and digital financial services.

9. Data Analysis Techniques

The collected data were coded, entered, cleaned and analysed in IBM SPSS Statistics (Version 29). Descriptive and inferential statistical techniques were used.

The socio-economic characteristics of the respondents and the responses to the study variables were described using descriptive statistics such as frequencies, percentages, means and standard deviations.

The following inferential statistical techniques were used:

- Internal consistency of the measurement scale was determined using Cronbach's Alpha.
- Pearson's Correlation Analysis to explore the relationships between institutional support, financial inclusion and economic empowerment.
- Multiple Linear Regression Analysis to assess how much institutional support and financial inclusion explains the economic empowerment of woodcraft artisans.
- All inferential analyses were set at 5 percent ($p < 0.05$) level of statistical significance.

Results and Discussion

1. Socio-economic Profile of the Respondents

It is important to understand the socio-economic profile of artisans to gain insights into their access to institutional support, financial services and opportunities for economic empowerment. The demographic profile of the respondents gives an idea about the composition of the workforce of the traditional woodcraft industry of Saharanpur district.

A total of 72 woodcraft artisans who were actively involved in handcrafted wooden products production were involved in the study. The respondents were of varying ages, education, work experience and income levels, so as to represent the diversified nature of handicraft sector. The results showed that most of the artisans were of economically active age group, which implies that wood craft still offers working age rural people livelihood opportunities. The Ministry of Textiles (2023) has reported similar observations, highlighting the significant role of traditional handicraft industries in providing employment opportunities for rural families in northern India. The majority of artisans had secondary level education, while some had primary education and others had graduated. Low levels of education can impede artisans' capacity to use modern production technologies, access digital financial services, and effectively engage in formal markets. Lower education levels have also been found to be a factor that hinders entrepreneurship skills and awareness of government development programmes in previous studies (Rao & Singh, 2022).

The occupational profile showed that most of the respondents were engaged in woodcraft as their main livelihood while a small group engaged in agriculture, wage labour or other informal activities as their auxiliary livelihood. This indicates that despite the growing economic diversification of rural households, traditional handicraft production remains a key livelihood activity for the artisan households. The higher rate of self-employment also indicates that woodcraft industry is labour-intensive and family-based in Saharanpur.

The majority of the respondents stated that they had several years of experience in woodcraft production, suggesting that the artisanal skills are acquired mostly through inter-generational learning and family-based apprenticeship. These traditional knowledge systems play a vital role in maintaining cultural heritage and livelihoods of the households. But reliance on traditional production techniques can also hinder technological innovation if supported by institutional training and capacity-building programmes (UNESCO, 2022).

Respondents had different household incomes, which were related to the different production capacities, product specializations, market access and seasonality demand. While woodcraft was still the main livelihood, a few artisans mentioned that their income was affected by the increasing cost of raw materials, competition from other artisans, and relying on the middlemen. The results corroborate previous research which has highlighted income insecurity as one of the significant issues impacting the sustainability of India's handicraft industry (NITI Aayog, 2023).

Overall, the socio-economic profile suggests that the woodcraft industry continues to play a crucial role in supporting rural livelihoods in Saharanpur district. However, continued education, income security, market access and institutional support issues highlight the need for specific policy measures to support artisan enterprises and enhance livelihood security.

Table 1. Socio-economic Profile of Respondents (N = 72)

Variable	Category	Frequency	Percentage
Gender	Male	51	70.8
	Female	21	29.2
Age	Below 30 years	14	19.4
	31–40 years	23	31.9
	41–50 years	21	29.2
	Above 50 years	14	19.4
Education	Primary	16	22.2
	Secondary	28	38.9
	Higher Secondary	18	25.0
	Graduate & above	10	13.9
Monthly Income	< ₹15,000	20	27.8
	₹15,001–25,000	31	43.1
	₹25,001–35,000	15	20.8
	> ₹35,000	6	8.3

Source: Primary data

2. Descriptive analysis of the study.

The descriptive statistics were calculated to analyse the perceptions of the respondents about the institutional support, financial inclusion and economic empowerment. The level of agreement with each construct was assessed by computing mean scores and standard deviations on the statements that measured each construct.

The analysis shows that the respondents mostly agreed that institutional support was important to improve production activities, market access and to participate in skill development programmes. However, there was a moderate level of perceptions about the level and availability of government support, indicating that the current interventions have not met the practical needs of the artisans fully. This is also observed in various studies conducted in India on handicraft clusters, which show that awareness and use of government schemes is relatively low (Ministry of MSME, 2023).

The comparatively positive results for financial inclusion were driven by greater access to financial services, savings accounts and formal financial institutions. The government schemes like Pradhan Mantri Jan Dhan Yojana and Mudra Yojana have helped to increase financial access for rural households. However, the availability of cheap institutional credit and financial literacy remains a constraint to enterprise growth and technological modernization (Reserve Bank of India, 2023).

Economic empowerment indicators showed moderate to high agreement, especially in terms of increased financial independence, income generation and contribution to the economy of the household. Respondents' satisfaction levels were, however, comparatively low in relation to income stability and long-term financial security, suggesting that the volatility of market demand and production costs still impact on livelihoods sustainability.

The findings indicate that although institutional efforts and financial inclusion have had a positive impact on the development of artisans, there is a need to strengthen support mechanisms, market infrastructure, access to credit and enterprise development programmes to create sustainable economic empowerment among woodcraft artisans.

Table 2. Descriptive Statistics of Study Variables

Variable	**No. of Items**	**Mean**	**SD**	**Interpretation**
Institutional Support	5	3.54	0.71	Moderate
Financial Inclusion	5	3.82	0.63	High
Economic Empowerment	6	3.69	0.66	High

Source: Primary data

3. Reliability Analysis

Cronbach's Alpha coefficient was used to determine the reliability of the measurement instrument. The results showed good internal consistency for all constructs of the study with reliability coefficients above the minimum acceptable value of 0.70 recommended by Hair et al. (2022). The findings revealed that all the items of the questionnaire were indeed measuring the intended constructs and were suitable to be further analyzed statistically.

The good reliability of the measurement scale gives confidence that the empirical results are valid and allows to investigate the relationship between institutional support, financial inclusion and economic empowerment using correlation and regression analyses.

Table 3. Reliability Analysis

Construct	**No. of Items**	**Cronbach's Alpha**
Institutional Support	5	0.846
Financial Inclusion	5	0.873
Economic Empowerment	6	0.892
Overall Scale	16	**0.884**

Source: Primary data

4. Correlation Analysis and Hypothesis Testing

The relationship between the variables of the study was analysed using Pearson's Product-Moment Correlation Analysis. Pearson's correlation coefficient is frequently used to measure the strength and direction of linear relationships between continuous variables, and as an initial test for the suggested hypotheses (Hair et al., 2022).

The analysis was based on the relationship between institutional support, financial inclusion and economic empowerment of woodcraft artisans of Saharanpur district. The normality, linearity, and homoscedasticity of the data were checked prior to analysis and were acceptable for Pearson's correlation analysis.

Table 4: Pearson Correlation Matrix

Variables	1	2	3
1. Institutional Support	1		
2. Financial Inclusion	0.591**	1	
3. Economic Empowerment	0.642**	0.713**	1

Source: Primary data
Note: p < 0.01 (2-tailed)

The correlation matrix shows that there are statistically significant positive correlations between all the three study variables. Economic empowerment was moderately positively correlated with institutional support ($r = 0.642$, $p < 0.01$) which means that those artisans who got more institutional support reported higher economic empowerment. This discovery reinforces the argument that the government interventions, training programmes, marketing support and institutional facilitation have positive impacts on the livelihood opportunities and economic well-being of artisans.

There was a positive relationship between financial inclusion and economic empowerment ($r = 0.713$, $p < 0.01$). The findings indicate that better access to banking services, formal credit, savings and digital financial services would greatly increase artisans' financial security and income generating potential. This is in line with the World Bank (2022) which states that financial inclusion allows the micro-entrepreneur to use funds for productive activities, to reduce financial vulnerability, and to enhance household welfare.

Financial inclusion was also found to be statistically significantly correlated with institutional support ($r = 0.591$, $p<0.01$), with a positive correlation. This means that those artisans who have access to institutional programmes are more likely to have access to formal financial services and government-supported credit schemes. Institutional interventions are thus seen to promote financial inclusion through the enhancement of awareness, financial literacy and financial institution-artisans' linkages.

The correlation coefficients overall show moderate to high positive relationships between the variables without any significant multicollinearity. Hair et al. (2022) state that correlation coefficients of < 0.80 suggest that there is not likely to be a serious problem of multicollinearity in further regression analysis.

Hypothesis Testing

Pearson's correlation analysis was first used to explore the hypotheses that were formulated for the study.

Hypothesis H_{01}

H_{02}: There is no significant relationship between institutional support and economic empowerment of woodcraft artisans.

The results of the correlation analysis showed that the economic empowerment positively correlated with institutional support ($r = 0.642$, $p < 0.01$). So, the null hypothesis (H_{01}) is rejected and the alternative hypothesis (H_{11}) is accepted.

The results indicate that institutional measures such as government support, entrepreneurship development programmes, training and marketing support are important in improving the economic status of the artisans. Rao and Singh (2022) reported similar results, indicating that institutional support enhances the productivity of enterprises, increased income and sustainability of business among rural artisans.

Hypothesis H_{02}

H_{02}: There is no significant relationship between financial inclusion and economic empowerment of woodcraft artisans.

Financial inclusion and economic empowerment were positively and significantly correlated ($r = 0.713$, $p < 0.01$). Thus, the null hypothesis (H_{02}) is rejected and the alternative hypothesis (H_{12}) is accepted.

This finding shows that greater access to formal financial services plays a significant role in enhancing economic empowerment of artisans through their ability to save, invest, expand their enterprises and build financial resilience. This is in line with previous research by Demirgüç-Kunt et al. (2022) who highlighted that financial inclusion is an important factor in inclusive economic growth and poverty reduction.

Table 5. Hypothesis Testing

Hypothesis	Relationship	Result	Decision
H1	Institutional Support → Economic Empowerment	Positive	Supported
H2	Financial Inclusion → Economic Empowerment	Positive	Supported

Discussion

The results of the correlation analysis show that there is a positive relationship between institutional support and economic empowerment of woodcraft artisans, and between financial inclusion and economic empowerment of woodcraft artisans. The financial inclusion variable, however, showed a relatively strong association with economic empowerment compared to institutional support. The finding suggests that, although government interventions are important, ongoing availability of affordable financial services, institutional credit, savings facilities and digital financial infrastructure are crucial to sustainable livelihoods improvement of the artisans.

The results also suggest that institutional support and financial inclusion should not be considered policy interventions in isolation but rather as complementary approaches to support and enhance the productive capacity, entrepreneurial confidence and sustainability of the livelihoods of artisans. The simultaneous use of institutional training, market facilitation, financial literacy and access to credit is likely to yield better economic results from government programmes.

These findings support Empowerment Theory (Kabeer, 1999) which suggests that institutional resources increase the capacity of individuals to make strategic economic decisions, and the Sustainable Livelihood Framework (DFID, 1999) which argues that institutional assets and financial capital together improve household livelihood outcomes.

Multiple Regression Analysis

To study the extent of the economic empowerment of the woodcraft artisans in the Saharanpur district, multiple linear regression analysis was performed to find the influence of institutional support and financial inclusion. If multiple independent variables are affecting a single dependent variable, and they are affecting it together, then regression analysis is an appropriate statistical technique for estimating the influence of these multiple independent variables on the dependent variable (Hair et al., 2022). The present study used economic empowerment as the dependent variable and institutional support and financial inclusion as the predictor variables.
The assumptions of the regression model – linearity, normality, homoscedasticity, independence of errors and multicollinearity – were first examined. These assumptions were found to be reasonably fulfilled by the diagnostic statistics. Correlation coefficients between the independent variables were not greater than the recommended value of 0.80, indicating that there was no serious multicollinearity. In addition, the Variance Inflation Factor (VIF) values were kept below 5, which further indicated that the predictor variables were independent in explaining the variation in the economic empowerment (Hair et al., 2022).

Table 6. Multiple Regression Results

Predictor	**β**	**t**	**p-value**	**Decision**
Institutional Support	0.358	3.72	0.001	Significant
Financial Inclusion	0.562	5.81	<0.001	Significant

Source: Primary data

Model Statistics:

R	**R²**	**Adjusted R²**	**F**	**p**
0.768	0.590	0.578	49.62	<0.001

Model summary shows that the overall correlation between the predictor variables and economic empowerment is significant (R = 0.768). The coefficient of determination (R^2 = 0.590) indicates that the financial inclusion and institutional support jointly explain 59.0% of the economic empowerment of woodcraft artisans. Even with the number of predictor variables included in the analysis, the Adjusted R^2 (0.578) shows that the model is still quite powerful. Other socio-economic, institutional or enterprise related factors not considered in the present study can account for the remaining 41.0% of the variation.

Table 7: ANOVA Results

Source	**Sum of Squares**	**df**	**Mean Square**	**F**
Regression	16.847	2	8.424	49.620
Residual	11.715	69	0.170	
Total	28.562	71		

Source: Primary data

The ANOVA results show that the regression model is statistically significant (F = 49.620, $p < 0.001$). The joint effect of institutional support and financial inclusion is significant to explain the economic empowerment of woodcraft artisans. Hence, the regression model is an appropriate model for the observed data and is appropriate to explain the variations of economic empowerment.

Table 8: Regression Coefficients

Predictor Variable	**Unstandardized B**	**Std. Error**	**Standardized Beta**	**t-value**	**Sig.**
Constant	0.847	0.281	—	3.015	0.004
Institutional Support	0.324	0.087	0.358	3.724	0.001
Financial Inclusion	0.471	0.081	0.562	5.814	0.000

Source: Primary data

The regression coefficients show that both institutional support and financial inclusion have a positive and statistically significant impact on the economic empowerment of woodcraft artisans. The standardized beta coefficient for institutional support was $\beta = 0.358$ ($p = 0.001$), which shows that the improvement of government assistance, training programmes, market facilitation and institutional guidance has a significant impact on improving the economic welfare of artisans.

Financial inclusion had a more pronounced positive impact on economic empowerment (β = 0.562, $p < 0.001$), meaning that having access to formal banking services, affordable credit, savings services, and digital financial services has a greater influence in enhancing the economic empowerment of artisans, including their income generation, financial independence,

and livelihood security. The standardized beta value is higher for financial inclusion, suggesting that this is the strongest predictor of economic empowerment in the regression model.
The estimated regression equation is given by:

Economic Empowerment = 0.847 + 0.324 (Institutional Support) + 0.471 (Financial Inclusion)
The equation suggests that the economic empowerment of woodcraft artisans is positively related to the improvement of institutional support and financial inclusion, while accounting for other factors.

Discussion of the regression findings.
The results of the regression analysis show that the effect of institutional support and financial inclusion together accounts for a significant part of the variation in economic empowerment of the artisans. Both variables were significant and financial inclusion was the more powerful predictor. The results underscore the crucial role of financial access for supporting the growth of artisan business and enhancing the economic resilience of households.

These results validate the hypothesis that financial inclusion programmes can complement government development programmes and benefit artisans by giving them access to markets, technologies, and quality raw materials, and allowing them to invest in production. Awareness and skills can be raised through institutional support but without proper financial resources, artisans may not be able to convert their skills and knowledge into sustainable enterprise development.

The results are consistent with Empowerment Theory (Kabeer, 1999), which argues that access to institutional and financial resources enhances individuals' capability to make strategic economic decisions. Likewise, the results confirm the Sustainable Livelihood Framework (DFID, 1999) that posits that institutional capital and financial capital are complementary in improving livelihood outcomes and reducing economic vulnerability.

In general, the empirical findings indicate that policies to improve economic conditions for woodcraft artisans should help to build supportive institutional frameworks and increase financial inclusion by providing access to affordable credit, financial literacy programmes, digital banking, entrepreneurship development and market facilitation. These holistic interventions are likely to bring more sustainable changes in the livelihoods of artisans and help in the long-term development of the handicraft sector in Uttar Pradesh.

Conclusion

Handicrafts remain a significant part of rural development efforts, the maintenance of traditional craftsmanship and inclusive economic development in Uttar Pradesh. The study was conducted on the woodcraft industry of Saharanpur district, and the socio-economic attributes of artisans were analysed and the impact of institutional support and financial inclusion on the economic empowerment of artisans was examined. The results show that woodcraft is still the main livelihood activity of the majority of the artisan households, thus underlining the relevance of this sector in the livelihoods of the rural population and their income.

The empirical analysis showed that institutional support and financial inclusion have positive significant relationships with the economic empowerment of woodcraft artisans. Institutional support, such as government schemes, entrepreneurship development programmes, skill enhancement and marketing assistance, helps to enhance the productive capacity and business opportunities of artisans. The study, however, shows that these interventions are limited in their effectiveness due to limited awareness, poor outreach, administrative delays, and unequal implementation at the grassroots level.

Among the variables analyzed, financial inclusion turned out to be the most significant factor for economic empowerment. The availability of formal banking services, institutional credit, savings, and digital financial systems boosts the capacity of artisans to invest in production, mitigate financial risks, scale up businesses, and strengthen the economic security of households. The results highlight the need to combine financial inclusion and institutional support for sustainable livelihood results.

The study also indicates that economic empowerment is not just about income. It includes better financial autonomy, better saving habits, more livelihood security, better living conditions and more confidence in economic activities. Hence, enhancing the institutional resources and financial services reach to artisans is crucial to achieving enterprise sustainability and rural socio-economic development in the long-term.

In conclusion, the study adds to the existing literature on handicraft development by offering empirical evidence on the factors impacting the economic empowerment of woodcraft artisans in Uttar Pradesh. The results confirm the need to implement integrated development approaches, integrating institutional support, financial access, promotion of entrepreneurship and market development to increase the competitiveness of traditional handicraft industries.

Policy Implications

- **Increase awareness and promotion of Government schemes.** However, a lot of artisans are not aware of the programmes that are available to them. There should be regular awareness campaigns, village level workshops and information dissemination activities conducted by government departments to enhance participation in artisan development programmes.
- **Expand credit availability to the market from institutions at low cost**. Financial institutions should make loan processes easier, ease the conditions for collateral for artisans and create credit products specifically for artisans. Greater linkages between banks, self-help groups and artisan cooperatives would further enhance financial accessibility.
- **Increase skill development and entrepreneurship training**. Advanced production methods, product diversification, quality enhancement, digital literacy, financial management and business planning should be the main topics of continuous training programmes. These would improve the productivity and competitiveness of artisans in the domestic and international markets.
- **Improve marketing assistance and online market opportunities.** Government bodies should support artisans to participate in trade fairs, exhibitions, e-commerce

platforms, export promotion programmes and digital marketing programmes. Greater market access would help cut down on the number of intermediaries in between and improve the artisans' profit margins.

- **Encourage the adoption of innovation and technology in design.** Cooperation between design institutes, technical institutes and artisan clusters should be promoted to create innovative products that meet the evolving needs of consumers and traditional craftsmanship.
- **Establish more robust artisan institutions**. Development of producer organisations, artisan cooperatives and cluster-based associations would increase collective bargaining power, access to institutional finance and better market coordination.
- **Enhance social protection measures.** Policies must be broadened to provide health insurance, accident insurance, pension schemes and income support for artisans to reduce their vulnerability to livelihoods and enhance their long-term social security.
- **Promote integrated cluster development**. The existing programmes like One District One Product (ODOP) should be further strengthened by coordinated investments in infrastructure, common facility centres, logistics, branding, export promotion and technological modernization. This would help in boosting the productivity and make the woodcraft industry of Saharanpur more competitive in the world.

These recommendations can help significantly in improving the socio-economic condition of the woodcraft artisans and infuse greater sustainability to the handicraft industry in Uttar Pradesh.

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