



# Crafting a new course

## The handicraft sector, which is dominated by small, unorganised players, is emerging as a flourishing economic activity in India, generating thousands of new jobs and fetching increasing revenues, writes **Nayantara Lama**

**O**ne often lands up in a state-run emporium to pick up those lovely carpets, handcrafted jewellery and even embroidered clothes. Whether it's for self-consumption or as gifts, there is nothing like buying handicrafts.

This segment is witnessing a boom with increasing exports and domestic consumption – which in turn is generating more employment. “Exports of handicrafts have been rising consistently at an average of 15 per cent per annum for the past decade,” says Sanjay Agrawal, development commissioner (handicrafts), Ministry of Textiles. “In fact, total exports of handicrafts during 2005-06 were in the range of \$3.6 billion against \$2 billion during 2000-01.”

The most popular exports are of art metalware, woodware, hand-printed textiles and scarves, embroidered and crocheted goods, shawls, zari products and imitation jewellery. And the main markets for India are the US (31 per cent share of exports), the UK (12 per cent), Germany (11 per cent), France (four per cent), and Canada, the Netherlands and Saudi Arabia (all three per cent each).

Interestingly, India has the largest share globally in carpet exports at 30 per cent – ahead of China. However, India's share in overall handicraft exports globally is a mere two per cent, which also means that there is tremendous potential for expansion in this segment.

“We at the government-level have taken a few initiatives with the hope that there would be further growth in this sector,” points out Agrawal. “These include setting up Common Facility Centres to enable artisans and crafts-persons to produce better quality. Besides, there is the National Centre for Design and Product Development (NCDPD), which has been set up with the ob-

jective of helping artisans to improve their designs.”

Handicrafts constitute an important segment of the decentralised or unorganised sector of the Indian economy. Originally started as a part-time activity in rural areas, it has now transformed into a flourishing economic activity, due to significant market demand over the past few years.

“Handicrafts have great potential as they hold the key for sustaining not only the existing set of millions of artisans spread over the length and breadth of the country, but also new entrants in the sector,” says an official from the Ministry of Textiles.

According to the working group on textiles and jute, the employment in the sector has increased from 6.01 million in 2002-03 to 6.57 million in 2005-06. The plan expenditure increased from \$17.65 million in 2002-03 to \$24 million in 2005-06. The production during the period 2002-06 increased from \$4.82 billion to \$7.91 billion.

Exports during the corresponding period increased from \$2.7 billion to \$4.25 billion, registering a cumulative growth of 58 per cent and an annual average growth rate of 19 per cent.

In a bid to tap the maximum potential of this sector, the National Institute of Fashion Technology (NIFT) launched a first direct outlet for craftsmen at Rajiv Gandhi Hasta Kala Bhawan in New Delhi in October 2006.

“NIFT became the first educational institute to link rural artisans to the urban market by intervening in the mobilisation, design and product development and market linkages,” says Pavan Kaushik from the institute. “NIFT also gave the craftsmen the first direct selling platform.”

Around 1,000 students of NIFT

trained 10,000 rural craftsmen, which resulted in making of more than 2,500 new products. These craftsmen were located in different clusters in Gujarat, Madhya Pradesh, Karnataka, West Bengal and Kerala, and were part of the initiative jointly conducted by the Ministry of Rural Development.

“Our motive is to raise these craftsmen above poverty level and give them a life of self sustainability,” says Shankarsinh Vaghela, the Minister of Textiles. “We have to collectively make efforts to upgrade the skills of these craftsmen so that the products made by them are acknowledged and purchased.” While this initiative is not even a year old, its success is almost certain.

Just like in the case of Dilli Haat, a must-see for any tourist visiting the national capital. Set up more than a decade back, this simple-yet-attractive crafts village is a one-stop destination for crafts and food of various states from across the country. This place will now undergo a makeover for which \$1.23 million has been earmarked by the Government.

“The funds would be used for improving the infrastructural facilities within the complex,” says an official from the Delhi Tourism and Transport Development Council (DTTDC). “Besides, there are plans for introducing new services like ATM counters. There is also talk of setting up a courier counter for shoppers to buy gifts and dispatch them to their friends anywhere in the world.”

Dilli Haat gets 1.6 million visitors every year, and the numbers continue to increase. Similar ‘Haats’ (marts) have been replicated in many other parts of the capital.

According to a Ministry of Textiles official, during the 9th Five Year Plan period (1997-2002), 16 Haats were approved by the Planning Commission at



**INTRICATE TASK:** Artisans sell their products directly to consumers at Haats

commercially important and tourist locations in the country. The target was fully achieved. During the 10th Five Year Plan (2002-2007), 21 urban Haats were to be set up.

There are today 35 urban Haats all over the country, including in places like Jammu, Karnal, Bhubaneswar and Bhopal, notes the official. The scheme allows for allotment of built-up stalls to artisans on fortnightly rotation basis at nominal rentals.

In the Haats artisans get the oppor-

tunity for direct sale of their products to the consumers without involving any middlemen. By establishing an urban Haat, the Government ensures direct fortnightly market facilities to about 2,000 artisans every year. These Haats will benefit more than 40,000 artisans when they start functioning fully.

“The customers and tourists at these Haats get a feel of the cultural ambience in the heart of cities, and enjoy ethnic food, besides getting authentic handicrafts at reasonable rates,” says

Customers and tourists at Haats get a feel of the cultural ambience in the heart of cities, besides getting authentic handicrafts.

the official from DTTDC. In an effort to provide financial assistance to artisans, the Government had initiated a Credit Guarantee Scheme – which began as a special package for Jammu & Kashmir (J&K) and has now been extended to the entire country to ensure smooth flow of credit.

The scheme provides a guarantee cover to the credit sanctioned by banks to handicraft artisans. The cost of guarantee fee payable to the Credit Guarantee Fund Trust Scheme for Small Industries (CGTSI) by banks is borne by the Office of the development commissioner (handicrafts). A credit of up to \$5,000 sanctioned to artisans under the Artisan Credit Card Scheme (ACC) qualifies for the guarantee.

The Government has also set up the concept of ‘Towns of Excellence’, which provides recognition to production clusters where handicrafts have been traditionally produced. For instance Moradabad and areas surrounding it are known for production of art metalware, and Saharanpur is known for producing wooden ware.

Under this concept, the Government has given a boost to these production clusters. Production clusters producing goods of \$250 million or more are notified as towns of export excellence as these offer an increased export potential. However, in the case of handlooms the threshold limit for towns of export excellence is a little over \$60 million.

Though the handicraft sector is witnessing a boom, there are many bottle-

necks which need to be cleared. “The largest bottleneck in the growth of handicraft is the fact that the production of handicraft is highly decentralised and spread over the entire country, including the remote areas,” points out Sanjay Agrawal, the development commissioner (handicrafts).

In a bid to give a further boost to the export of handicrafts an India Expo Centre and Mart (IEML) has been set up in Greater Noida, about 45 minutes from Delhi. This provides a permanent contact point for foreign buyers and remains open all through the year for a continuous buyer-seller interaction.

IEML is supported by the Export Promotion Council of India along with the Greater Noida Development Authority and the Ministries of Commerce and Industry and of Textile. This is a \$175 million project, and has been given the mandate of providing infrastructure of international standard that is required for holding exhibitions, conventions and seminars to promote cottage industry products from India.

“The Indian cottage industry has a lot to offer to the world in terms of unique and exotic products,” says a spokesperson of the IEML. “While Indian business and industry has generally been successful in posting huge increases in its growth rates in the recent past, the cottage industry sector has not been as successful as the other sectors.”

This has been primarily because of the unavailability of a single platform that could provide international exposure to wholesalers and retailers from this sector of Indian industry, a platform where they could interact with consumers from across the globe to market their products, thereby marketing the essence of Indian handicrafts. “The IEML now provides that common platform to the Indian cottage industry by organising fairs and exhibitions at par with the international standards,” adds the spokesperson.

The mart has been developed on the lines of round-the-clock marts in Dallas and Atlanta in the US, Utrecht in the Netherlands, and Shanghai in China. It has all modern amenities – convention centres, exhibition halls, transportation facilities, hotels, business centres, restaurants, conference halls, and even heli-



**COLOURFUL COLLECTION:** The Indian cottage industry has a lot to offer the world

pads – all in one location. The India Expo Centre and Mart is open throughout the year. However, its not just exports that India is banking on for promoting handicrafts as the consumption is increasing even domestically.

The success and popularity of Indian handicrafts has encouraged the government to launch advertising campaigns of various products in the largest export market – the US.

This campaign would be done under five themes – needlework of India,

traditional paintings, fashion accessories, home furnishings and furniture. Catalogues are being developed under these themes.

India’s handicraft sector, rapidly adapting itself to the needs of the modern consumer, is witnessing a lot of churn. While it retains its traditional craftsmanship and is largely untouched by automation and mass production processes, the marketing and packaging of its products are undergoing dramatic changes, auguring well for the sector. 🌈