



# Policy Gaps Study on the Crafts Sector in India



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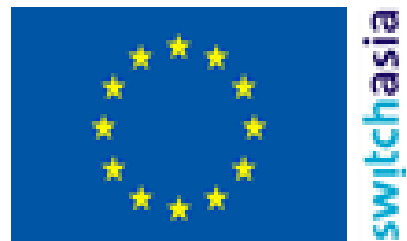
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## Executive Summary

According to the 12<sup>th</sup> Five Year Plan, Handicrafts and Handlooms are a Rs. 24,300 crore industry contributing Rs. 10,000 crore to India's export earnings annually. Handicrafts production is expected to double between 2012 – 2017 and exports are projected to grow at an annual rate of 18 % in that period. The craft sector will consequently provide employment to an additional 10% per year in this period. Yet, the craft sector in India is highly disaggregated, its elements and components spread over a variety of government ministries, state departments, non-governmental organizations, international bilateral and multilateral agencies, market and social enterprises. This study aims to consolidate the major policies and perspectives governing the various aspects of crafts in India in an attempt to evolve an integrated approach to the development of this sector taking on board all its components and generating a roadmap for its sustainable progress in alignment with the country's development trajectory.

In the context of widespread rural and urban poverty in India and the decline in the primary sector including agriculture, there is an urgent need to enhance livelihoods and employment by enabling growth in manufacturing. More than 60% of the country's rural poor are concentrated in the states of Bihar, Jharkhand, Chhattisgarh, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh.<sup>1</sup> Apart from income poverty, they suffer from high levels of social exclusion, low human development indices and social fragmentation in terms of deprivation of SCs, STs and minorities. Livelihoods development and the provision of social security and services are urgently required to meet the need for survival of large sections of the country's population. This is a gap that can be addressed by crafts, which has an established skill and manufacturing base across the country.

The importance of defining the sector needs to be underscored in order to identify the elements, skills and processes subsumed by it as also the agencies and organizations involved in its governance and operations. The sector may be best defined as pertaining to items made either totally or partially by hand, significant for their utility and/or decorative value. Taking a holistic view, the operational domain of craft includes statutory bodies (ministries, state departments, boards and autonomous institutions) pertaining to Handicrafts and Handlooms as its core, while drawing upon programmes and schemes of Rural Development, Skills Development, MSME, Tourism, Culture, Commerce, Labour and Industry. It also includes NGOs, social enterprises, and market organizations and has vertical and horizontal linkages with international markets, development and funding agencies, displaying a vibrant and dynamic sector responding to multiple trends and processes through a variety of media.

Scanning the international policy environment, a significant approach in addressing the craft sector is the Creative and Cultural Industries (CCI) model developed by the European Union, and also adopted by the UK government as the "Creative Economy" brand. Broadly, this model

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<sup>1</sup> India Human Development Report 2011: Towards Social Inclusion  
([http://www.iamrindia.gov.in/media\\_coverage\\_compilation/IHDR\\_Summary.pdf](http://www.iamrindia.gov.in/media_coverage_compilation/IHDR_Summary.pdf))

views craft as a component of CCI, in convergence with other fields like architecture, publishing, media etc. that involve individual creativity. The rubric of CCI involves a convergence of diverse markets to optimize commercialization and sustainability of the industry, and also facilitates the intellectual property regime and effective monitoring and evaluation along the value chain of production.

Other relevant international models applicable to the craft sector are the Japanese “One Village One Product” and the related “One Tambon One Product” programme of the government of Thailand. These involve village level specialization in production, marketing and institution-building for economic revitalization. Learnings from such experiences will benefit the development of the craft sector in India.

At the institutional level, in the international arena, craft is not a niche sector, but has a broad and cross-cutting relevance contributing substantially to state economies. Policies, too, are oriented towards mainstreaming craft products and production within the bulk of commercial and fiscal activities. However, strengthening local institutions at the grassroots level is a desired goal for all development initiatives, to support a top-down policy approach for improved effectiveness, impact and sustainability.-

The institutional ecosystem for the craft sector in India comprises a wide range of agencies and organizations. The governance of its diverse components is spread over several central government ministries and numerous state departments while implemental players primarily include NGOs, market organizations, financial agencies, and social enterprises. The challenge for the sector is to achieve convergence of policies and schemes to optimize production and marketing in a manner that will benefit the most vulnerable members of the value chain, i.e. the producers and their families. It is also important to achieve scale and sustainability in production in order to attain a stable market environment with its related fields of the fiscal regime and quality control.

The Ministry of Textiles forms the core of the ecosystem for crafts in India. The other related Ministries include Ministry of Micro, Small and Medium Enterprises (MSME) implementing schemes for enterprise development such as SFURTI, Ministry of Skills Development working via organisations like the National Skills Development Corporation (NSDC) which promote entrepreneurial training, a much-needed requirement for the craft sector, Ministry of Rural Development working through its National Rural Livelihoods Mission. Additionally, the “Make in India” campaign of the Department of Industrial Policy and Promotion (DIPP) have the potential to absorb craft in its mandate for scaling up investment and marketing for Indian products.

In the private sector space, social enterprises that are oriented towards market sustainability are using combinations of for-profit and not-for-profit methodologies to work with craft practitioners and establish effective marketing mechanisms for craft in the country and internationally with a focus on socially responsible initiatives.

Despite the leading role played by the government and other players in developing the craft sector through various schemes and programmes, there are serious challenges that inhibit progress and prevent the optimization of the country's rich craft resources. First, there are large-scale gaps in fulfilling the mandates of the government schemes themselves, in terms of infrastructure provision, access to credit, skills training, marketing etc. The lack of penetration by scheduled banks into rural areas, lack of financial literacy and entrepreneurial skills amongst the artisans and lack of institutionalization of craftpersons are major regressive factors. An enabling fiscal and tax environment is required in order to drive entrepreneurial activities by artisans. A comprehensive set of standards and benchmarking system needs to be put in place for quality assurance and marketing. There is negligible involvement of the private sector in the current scenario.

The Convergence approach need to integrate various schemes in order to provide focused services relating to infrastructure, raw material provision, design and marketing. Infrastructure resources may be enhanced by resource sharing with other sectors, i.e. the CFCs provided for under the NRLM, Tourism etc. Green technology should be promoted via measures like waste water treatment and recycling. Artisans' welfare schemes should adopt Occupational Health and Safety norms promoted by the Ministry of Labour. The private sector should be brought in via the CSR route to incubate artisans groups and social enterprises. Academic institutions like NID and NIFT should provide platforms for mentoring artisans' groups and organizing outreach activities like workshops and exhibitions. Institutions like NSDC should be mobilised to provide professional training opportunities for institutionalizing artisans' groups and moving towards sustainability. On a larger scale, a comprehensive benchmarking system like Craftmark needs to be put in place with an independent regulatory agency for ensuring quality control for marketing. Finally, craft should become a larger player in the manufacturing sector through Government of India's recently launched programme, "Make in India", thus ensuring the relevance and continuance of India's traditional manufacturing and skill-based industry in the international arena.

## Introduction

Despite its rich heritage of traditional manufacturing skills, India's share in the international market for craft is under 2%, while that of China stands at 30%. Today, the craft sector in India is a fragmented and under-defined one, with policies, mandates, schemes, roles and actors scattered across seventeen government ministries, ranging from the Ministry of Textiles to the Ministry of Women and Child Development.<sup>2</sup> There is thus an urgent need to evolve an integrated approach to the development of this sector taking on board all its components and evolving a roadmap for its sustainable progress in alignment with the country's development trajectory.

The core hypothesis for the study is that the crafts sector occupies a viable socio-economic space within the country's development framework, and possesses an enormous potential for growth and wealth creation as also employment generation and stemming the flood of rural-urban migration. However, currently different aspects of the crafts sector and its value chain, i.e. training, design development, production management, marketing, quality control, fiscal and taxation regimes, intellectual property, artisans' welfare, occupational safety etc. are governed by diverse ministries and government agencies. The impact of the country's social, economic, legal, cultural and environmental policies on the craft sector is felt obliquely: the policy environment does not address the concerns of this sector in an enabling manner. Various international funding organizations have instituted schemes and programmes influencing the sector, but there is no convergence among them in terms of implementation frameworks within the Indian policy set up. This piece-meal approach and lack of a concerted drive to develop the sector severely retards its growth and prevents the dynamic and transparent functioning of its elements, precluding it from becoming a strong player in the national and international markets as well.

This study seeks to address the policy gaps in this sector, owing to the fragmentary nature of this sector and to evolve an integrated policy and operations approach to overcome the challenges that are currently preventing its potential from being realized. The possibility of new actors and instruments at the legislative, policy, institutional and implemental levels will also be explored and recommended accordingly.

In view of the multiple dimensions of the Craft sector in India, economic, environmental, social and cultural, this study, while taking all into consideration, will focus primarily on enhancing livelihoods-related and income generating outcomes optimizing production methods and improving work and life conditions for practitioners and artisans.

The methodology followed is a combination of primary and secondary research, involving examination of policy documents as well as consultations with technical experts, policy makers

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<sup>2</sup> "Crafting a Livelihood", p. 14 ([http://www.dasra.org/reports\\_2013/CraftingALivelihood\\_Report.pdf](http://www.dasra.org/reports_2013/CraftingALivelihood_Report.pdf))

and practitioners in the field in an iterative process of interaction between theory, experience and practice.

## Craft as a Livelihoods based Sector – Rationale for Development

Despite a high GDP growth rate of 7.2% for the decade 1998-2008, over 216.5 million rural and 52.5 urban people remain locked in poverty across India.<sup>3</sup> Agriculture is a saturated sector following structural changes in the economy<sup>4</sup>, wherein the share of the primary sector in the country's GDP has declined from 26% in 1998 to 17% in 2008. The population dependent on agriculture, however, remains stagnant. In order to effect the transformation from agriculture to industrialization, employment as well as safety nets are required for the rural poor.<sup>5</sup> This is a gap that can be addressed via the crafts sector.

Handloom weaving is largely localized in its functioning and weavers in the sector are mainly from the vulnerable and weaker sections of the society, who weave for their household needs and also contribute to production in the textile sector. It is a major employment generator, as is also noted in the Approach Paper for the 12<sup>th</sup> Plan. As per the latest (3<sup>rd</sup>) Handloom Census of 2009-10, there are 23.77 lakh handlooms in the country, providing employment to 43.32 lakh handloom weavers and ancillary workers. This includes 38.47 lakh adult handloom weavers and ancillary workers, of which 24.72 lakh are engaged full time and 13.75 lakh on part time basis. Approximately 70% of weavers are women, particularly in the Northeast where the percentage is higher. Major problems confronting the sector include poverty and illiteracy amongst weavers, lack of access to credit and working capital, marketing and supply chain issues, poor institutional management and policy dissemination and lack of infrastructure for work and habitat.

The Handicraft and Handloom sector in India are a Rs. 24,300 crore industry contributing Rs. 10,000 crore to India's export earnings annually. According to the 12<sup>th</sup> Five Year Plan, handicrafts production is expected to double between 2012 – 2017 and exports are projected to grow at an annual rate of 18 % in that period. The craft sector will consequently provide employment to an additional 10% per year in this period, making it the largest non-farm sector in the rural space. There is thus an urgent need to evolve an integrated approach to the

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<sup>3</sup> Press Note on Poverty Estimates, 2011-12 The Planning Commission, Govt. of India. July 2013

<sup>4</sup> From the 1990s onwards, there has been a slowdown in the development of agriculture as a primary sector and its potential for poverty reduction and employment. Apart from ecological changes with respect to monsoon patterns, depletion of groundwater etc. the post-1991 structural reforms in India led to large-scale development of the tertiary sector leading to the agriculture sector becoming stagnant, unresponsive and prone to under-employment. Development of the secondary, i.e. manufacturing sector is the need of the hour and the craft sector can become an important driver of growth in this area. Purba Roy Choudhary, "Multiple Structural Breaks in India's GDP: Evidence from India's Service Sector" [www.isid.ac.in/~epu/acegd2014/papers/PurbaRoyChoudhury.pdf](http://www.isid.ac.in/~epu/acegd2014/papers/PurbaRoyChoudhury.pdf)

<sup>5</sup> "Report of the Steering Committee on Handloom and Handicraft constituted for the Twelfth Plan, 2012-2017"





development of this sector taking on board all its components and evolving a roadmap for its sustainable progress in alignment with the country's development trajectory.<sup>6</sup>

Though traditional craft skills have historically been a regular means of earning livelihood in rural India, presently they suffer from declining skills, lack of markets, devaluation of hand crafted products, and lack of sustainable livelihood opportunities in the modern world. Thus, the younger generations from the traditional craft producing communities are not interested in engaging with this sector or learning these skills because they do not see any future in doing so. This is leading to dying craft skills, unemployment among youth and their engagement in menial jobs adding to low self-esteem, exploitation, dire working conditions and further marginalization.

Despite a high GDP growth rate of 7.2% for the decade 1998-2008, over 216.5 million rural and 52.5 million urban people remain locked in poverty across India.<sup>7</sup> However, more than 50% of India's population is in the working age group of 15 to 59 years, with 28 per cent in age group 15-29, and it is expected that by 2020, more than 65 per cent of the Indian population would be in the working age group and India would enjoy the demographic dividend.<sup>8</sup>

India is thus at an advantageous position for accelerating the country's growth, particularly in the manufacturing sector. The 12th Plan has already laid out a mission of creation of 50 million non-farm employment opportunities. Statistics show that poverty and low levels of education pose the biggest challenges for decent employment opportunities for youth.

The ILO estimates that in India around 10 percent of males and 11 percent of females in the age group 15-24 years who are available for and seeking employment are without work<sup>9</sup>. Owing to lack of decent employment opportunities, many youths are forced to take up low paid contractual jobs with dire working conditions. Youth employment has been recognized as a priority agenda of the government, and policies and schemes are being framed for enhancing their employability.

A focus needs to be brought on the rural areas where the strategy of employment creation should be aligned to the human and natural capital of the region. The weaving and crafts sectors have a huge potential in terms of human and natural capital to create decent and dignified jobs with the up gradation of skills, and an effective and functional partnership between industry, policy makers and training institutions.

It is a critical need of the hour to create an enabling eco system for the craft sector so that its producers are valued and respected for their skills and they become active stakeholders and beneficiaries of the larger wealth creation process. Thus an inclusive and socially responsible approach should be taken to support producers through the entire value chain strengthening

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<sup>6</sup> "Report of the Steering Committee on Handloom and Handicraft constituted for the Twelfth Plan, 2012-2017"

<sup>7</sup> Press Note on Poverty Estimates, 2011-12 The Planning Commission, Govt. of India. July 2013

<sup>8</sup> Sanghi S and Srima A, Youth Unemployment in India, Planning Commission, Govt. of India, February 2014

<sup>9</sup> <http://data.worldbank.org/indicator/SL.UEM.1524.ZS>

both production and marketing and leveraging their traditional skills into internationally competitive craft products and enterprises.

## Definition of Craft - Defining the Indefinable

The first step towards evolving an integrated approach to craft in India is to define the sector and its activities. In its dictionary sense, the term “craft” implies “producing something using skill and experience”. (<http://dictionary.cambridge.org/dictionary/british/craft>) The three key concepts here are “production”, “skill” and “experience”, indicating a tangible exercise to manufacture an object, for which not merely skill, but also experience is required for the requisite quality. Thus, the germ of the idea of training and apprenticeship is present in the very definition. The related term “artisan” brings with it the emphasis on “hand-made” or manually manufactured products, indicating the importance of process as equal to the product. (<http://www.oxforddictionaries.com/>)

Within the context of the policy environment in India, “Handicrafts”, with its origins in the Indian Handicrafts Board established in 1950, occupies a well-demarcated sectoral space embedded within the Ministry of Textiles. In this framework, Handicrafts are defined as “Items made by hand, often with the use of simple tools, and are generally artistic and/or traditional in nature. They are also objects of utility and objects of decoration.” (<http://handicrafts.nic.in/introduction.htm>) Taking a holistic view, the operational domain of craft includes statutory bodies (ministries, departments, boards and autonomous institutions) pertaining to Handicrafts and Handlooms as its core, while drawing upon aspects of Rural Development, Skills Development, Tourism, Culture and Micro Small and Medium Enterprises (MSME). It also includes NGOs, social enterprises, and market organizations and has vertical and horizontal linkages with international markets, development and funding agencies, displaying a vibrant and dynamic sector responding to multiple trends and processes through a variety of media.

A more nuanced definition subsuming more complex variables of product and process, start and end product definitions and a subjective view of value-chain production is provided by UNESCO:

*“Handicrafts can be defined as products which are produced either completely by hand or with the help of tools. Mechanical tools may be used as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Handicrafts are made from raw materials and can be produced in unlimited numbers. Such products can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant.”<sup>10</sup>*

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<sup>10</sup> Definition According to United Nations Educational, Scientific and Cultural Organization/Information Technology Community (UNESCO/ITC) International Symposium on “Crafts and the International Market: Trade and Customs Codification”, Manila, Philippines, October 1997

According to international policy trends, Craft may be located within the larger rubric of Creative Industries and Cultural Industries. UNESCO views Cultural Industries as those which combine the creation, production and commercialization of creative contents which are intangible and cultural in nature. The contents are typically protected by copyright and they can take the form of a good or a service. Craft, along with printing, publishing, media and cinema, is included in this complex. Creative Industries encompass a broader range of activities which include the cultural industries plus all cultural or artistic production, whether live or produced as an individual unit. The creative industries are those in which the product or service contains a substantial element of artistic or creative endeavor and include activities such as architecture and advertising.<sup>11</sup>

The European Union defines Cultural and Creative Industries (CCI) as "... those industries producing and distributing goods or services which at the time they are developed are considered to have a specific attribute, use or purpose which embodies or conveys cultural expressions, irrespective of the commercial value they may have." Besides the traditional arts sectors (performing arts, visual arts, cultural heritage – including the public sector), they include film, DVD and video, television and radio, video games, new media, music, books and press. This concept is defined in relation to cultural expressions in the context of the 2005 UNESCO Convention on the protection and promotion of the diversity of cultural expressions. "Creative industries are those industries which use culture as an input and have a cultural dimension, although their outputs are mainly functional. They include architecture and design, which integrate creative elements into wider processes, as well as subsectors such as graphic design, fashion design or advertising."<sup>12</sup>

Creative Industries are defined by the Department of Culture, Media and Sport, UK Government, as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property". The UK government has taken up the development of creative industries in a proactive manner, and identified 12 "creative sectors" of which craft is one.<sup>13</sup> The UK Model regards the related sector of "Cultural Industries" as an adjunct of Creative Industries, pertaining to cultural tourism and heritage, museums and libraries and "way-of-life activities" concerned with delivering other types of value, notable social and cultural content, rather than focused on economic value. This Model has also been adopted by Australia in its National Culture Policy, 2012, which views Creative Industries as creative intellectual property with a potential to be commercialized.<sup>14</sup>

## The Craft Industry in the International Context

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<sup>11</sup> "Understanding Creative Industries – Cultural statistics for Public Policy Making" UNESCO, February 2006

<sup>12</sup> [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/educ/117795.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/educ/117795.pdf)

<sup>13</sup> "Creative Industries Economic Estimates, 2011" DCMS, p. 6

<sup>14</sup> "Creative Industries – A Strategy for 21<sup>st</sup> Century Australia"



At the international level, the Creative Industry sector, of which Craft is a part, is experiencing large-scale growth and development. No longer marginalized as a niche sector, it is an intrinsic part of the economic mainstream contributing to national development in a big way. Some international models have important learnings which may be applied in the Indian context.

In reference to the successful international models for Creative Industries, key learnings and strategies may be adapted in the Indian context using the rich asset base of traditional craft skills and cultural resources to enhance the sector further and make it a major contributor to the mainstream economy.

The following sections provide brief overviews of the successful international models that may be relevant to the growth of the craft entrepreneurship in India.

### **Cultural and Creative Industries, EU**

The EU framework emphasizes the inter-disciplinary approach of Cultural and Creative Industries (CCI) particularly their ability to link the production sector and its markets with society and the wider economy. It believes that CCIs contribute fundamentally to GDP and economic growth, employment, local and regional development and innovation and social well-being. It advocates on using different European Regional Development Structural funds for promotion and development of CCIs, thereby diversifying funding sources beyond funds for Culture for the sector's development. Some successful examples that have promoted Cultural and Creative Industries through Cultural Entrepreneurship, Cultural Tourism and have built linkages at a regional level are Centre for Culture and Creative Economy, Denmark, set up by the Danish Ministry of Culture to increase the synergy between the business community and cultural entrepreneurship; Creative Industries Finland project, an information generator and interface between the CCI sector and the rest of the economy, and others.<sup>15</sup>

### **Creative Economy, UK**

Creative Industries in the UK is one of the fastest growing sectors of the economy. Despite the financial recession of 2009, this was the only economic sector that grew at the rate of 13% to reach a Gross Value Added (GVA – a growth indicator) of GBP 62 billion in 2012.<sup>16</sup> The GVA is expected to reach GBP 100 billion by 2018, generating 150,000 new jobs, thus being one of the primary drivers for the economy.<sup>17</sup>

The UK model of Creative Economy is characterized by a rigorous process of identification of the crafts, comprehensive data collection on production for a full-proof monitoring and evaluation system and a meticulous establishment of a complete value chain enabling accurate predictions about revenue generation and convergence with mainstream markets via inter-sectoral linkages. Thus Craft is recognized to include textiles, ceramics, jewelry/silver, metal work and glass products.<sup>18</sup> Related activities (within the Creative Industries framework) of

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<sup>15</sup> CCI Policy Handbook, European Agenda for Culture, 2011-2014.

<sup>16</sup> <http://www.managementtoday.co.uk/news/1324535/britains-creative-industries-generating-100bn-2018/>

<sup>17</sup> Creative Industries Economic Estimates, 2011.

<sup>18</sup> DCMS "Creative Industries Mapping Document" 1998 & 2001.

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/183548/2001Crafts2001.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/183548/2001Crafts2001.pdf)

supply of materials, distribution, retail, online retail, packaging and display, crafts fairs, craft publications and tools and machinery and their links to production are clearly documented. Convergence with related industries like design, tourism, fashion, art and antiques markets and merchandise completes the value chain and showcases the products as also enables the calculation of Gross Value Added (GVA), the contribution of various industries to the economy. This is roughly measured by the income generated by the business or sector less the intermediate expenses in production.

In reference to the successful international models for Creative Industries, such as the Creative Economy in the UK, craft as a sector is enhanced by being a part of a network of other sectors including media, software etc. via a common roadmap for marketing, design, Intellectual Property Regime and advertising. Drawing from international models best practices thus need to be adapted to the Indian environment.

### Case Studies from Asia

In the Asian context, the One Village One Product initiative, a regional development programme, has been a success story with international repercussions. It was started in Oita Prefecture in Japan in the 1980s. The aim of the programme was for a single village to produce one product with added value as a business venture, the revenue generated from which would contribute to the development of the village. The USP of the venture was the innovative and creative methods by which the villages would select and market their products, gaining advantage over conventional urban firms and establishing leadership in the market for their localized products. The ventures led to substantial increase in per capita incomes of the villages, as well as a high level of organizational learning via direct linkages with retail outlets and consumers.<sup>19</sup>

The OVOP model was adopted by the government of Thailand as the “One Tambon (district unit) One Product (OTOP) initiative. However, in the Thai case, the movement was entirely led by the government in terms of selection of products and producers; it was oriented towards profit generation with less emphasis on localized organizational learning, and focused on international markets rather than local ones. In short, it was much less participatory in spirit and implementation hence had a much more limited impact on local society that the Japanese version which was primarily community-led.

It must be kept in mind that a rigorous process of data collection and documentation of crafts is required to put in place the systems of monitoring and evaluation required for measuring their contribution to the economy. The OVOP model is a feasible alternative for enhancing rural livelihoods and boosting manufacturing at the grassroots level without a massive infrastructure investment. However, the high levels of poverty and social marginalization will necessitate a major role being played by state agencies as well as NGOs and private enterprises. - Further, the tendency to orient all production towards tourism and the export market, as

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<sup>19</sup> Nobuya Haraguchi “The One Village One Product (OVOP) Movement: What it is, how it has been replicated and recommendations for a UNIDO-OVOP type project” UNIDO Research and Statistics Branch, Working Paper No. 3, 2008.

depicted in the OTOP programme in Thailand, should not be the major focus and local markets in India need to be strengthened to mitigate economic shock to vulnerable producers.

## **Institutional Ecosystem for Craft in India**

The domain of Craft in India subsumes a wide spectrum of sectors and activities ranging from artisanal products, textiles, retail sector, fashion and home decor industries and market enterprises. The governance and regulation of these activities is equally multi-dimensional. While the core policy bodies for governing the craft sector are encapsulated within the Ministry of Textiles, important ancillary activities are handled by the ministries of Micro, Small and Medium Enterprises (MSME), Entrepreneurship and Skills Development and Rural/Urban Development at the central government level, as also the fiscal and taxation regime regulated by the Reserve Bank of India (Textiles, Metal Work etc. are on the list of industries of the RBI) and financial resource networks governed by institutions like SIDBI and NABARD. State level actors include State Departments of Industries and State Industrial Development Corporations, while the District Industries Centers operationalize policies and programmes relating to the sector at the district levels.

In the private sector space, there is a vibrant market demand for craft products that is addressed by mainstream market enterprises and social enterprises aligning with national and international best practices. In fact, NGOs are the bearers of the sector's institutional memory, as they transform government policies into grassroots actions and also record the effect of policy on people and practitioners. In short, there is no dearth of effective organizations defining the institutional ecosystem of craft in India – what is required is convergence of policies and alignment of activities and resources for effective implementation.

The following section reviews the various players and policies active in the craft sector, and also identifies some challenges that inhibit optimal functioning. The data on the sector is primarily based on documents and strategies of the Planning Commission for the formulation of the 12<sup>th</sup> Plan.

### **Core Central Government Bodies operating in the Craft Sector**

The core agency with a mandate to address the Craft sector is the Ministry of Textiles, under the umbrella of which the offices of the Development Commissioner (Handlooms) and Development Commissioner (Handicrafts) look after the specific issues pertaining to crafts. The organization includes offices of the Association of Corporations and Apex Societies of Handlooms (ACASH), National Handicrafts and Handlooms Museum (NHHM), National Centre for Textile Design (NCTD), National Handloom Development Corporation Ltd (NHDC) and Handloom Export Promotion Council (HEPC). Such bodies oversee policy formation, outreach and advocacy and implementations of schemes and programmes at the national level. Handlooms sector schemes include programmes for developing infrastructure, design and technology development, credit and access to working capital, marketing and weavers' welfare.

The primary statutory agency governing the Handicrafts sector at the central level is the office of the Development Commissioner (Handicrafts) which operates through six Regional offices, five Research and Development Centers, twenty three Cane and Bamboo Centers, the Handicrafts Export Promotion Council and the Carpet Export Promotion Council, IICTs and other associated autonomous bodies. (Ref Fig. 1- DC (H) Organogram).<sup>20</sup>

As per the data in the 12<sup>th</sup> Plan Report, the main items included in this sector include Woolen hand-knotted carpets, Metal Art, Wooden art ware, Lace and crochet, Cane and bamboo, Embroidered goods and Zari and Zardozi across regions of India.

In the absence of a comprehensive handicrafts census, it is estimated that the sector employed 68.86 lakh craftpersons in 2011-12, the figure having risen from 65.72 lakh in 2005-06. Of these, 24.16% are Scheduled Castes, 4.18% are Scheduled Tribes, 47.4% are women and 22.99% are minorities. It is clear that the sector provides livelihoods to a large segment of disadvantaged and marginalized persons, being a major non-farm employer in the rural sector particularly the Northeast.

About 60% of products are exported, leaving 40% for domestic consumption. Given that, India's share in the global handicraft market is extremely small, less than 2%, while that of China is 30%. The reasons may be the alignment of Chinese products with international markets and standards, cheap labour, price competitiveness, production efficiency, government support and high-quality management.<sup>21</sup> While it may be worthwhile to improve India's exports by tackling the various efficiency gaps in the sector, it is also necessary to expand the scope of mainstreaming handicrafts in the domestic markets, predominantly through design development and marketing.<sup>22</sup>

Handicrafts production reached its peak at the end of the 10<sup>th</sup> Plan (2006-7) at 17,288 crores. The 11<sup>th</sup> Plan period saw a global recession and production declined to 10,891 crores (decline of 38%). This was followed by an increase of 24.58% to 16,851.27 crores in 2011-12, a period that saw the return of many artisans who had earlier left the sector.

The total outlay of the Ministry of Textiles for development of Handicrafts in terms of centrally sponsored schemes within the five-year period from 2012-2017 is Rs. 4519.06 crores. This includes programmes for comprehensive cluster development, marketing support, credit and working capital, artisans' welfare, design and technology development, infrastructure and

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<sup>20</sup> Handicrafts.nic.in

<sup>21</sup> "Brief Summary on Competitive Study of Handicrafts Sector in China" Export Promotion Council on Handicrafts, 2012 <http://www.epch.in/ChinaStudy/Summary.pdf>

<sup>22</sup> "The administrative division between handlooms, handicrafts, khadi, coir, micro-industries and other cottage industries, prevents efficient conceptualization of programmes, budgetary allocations and promotion and branding of Indian crafts for all the sectors in a unified manner. Global best practices are currently moving towards a broader rubric of promoting and commercializing creative and cultural industries in a holistic framework. In a rapidly integrating global market place, the focus, therefore, should be on promoting a unified Indian brand and removal of artificial divisions that compartmentalize administration of common sectors, thereby leading to more efficient utilization of resources and improved performance of the sectors." (12<sup>th</sup> Plan Report, 2012)

special schemes for the Northeast region<sup>23</sup>. The handlooms outlay for the 12<sup>th</sup> plan period is Rs. 10464.07 crores covering schemes for credit and raw material, training and design development, marketing, export and brand-building, social welfare, infrastructure and cluster development as also the Northeast region<sup>24,25</sup>.

### **State Government Bodies operational in the Craft Sector**

At the state level, the handloom sector is governed by state level departments that are concerned with both handloom and powerloom initiatives, weavers' cooperatives and implementation of textiles schemes within the state. Marketing and production devolves to the State Handloom Development Corporations, private limited enterprises that are expected to showcase handloom products through retail outlets or state emporia.

The handicrafts sector is decentralized to the states via the State Handicrafts Development Corporations, usually registered as private limited companies in order to provide a market focus and fiscal freedom to manage the entities as revenue generating units. They are usually situated within the state departments of Commerce and Industry, and some, like the Karnataka State Handicrafts Development Corporation, Cauvery, also have Government of India as shareholder along with the Government of Karnataka. Providing a brand name that expresses the region's heritage is part of the branding strategy for the bodies. The SHDCs have craftpersons' clusters associated with them, and carry out production, sale and promotional activities including running Craft Complexes, Common Facility Centers (CFCs), and organizing fairs and melas. They may also institute awards for master craftsmen and training and transmission programmes including Gurukul schemes.

In addition, state departments of Handlooms and Textiles have been set up specifically to promote schemes and policies in the sector, as have State Small Scale Industry departments that oversee certain MSME ventures and the District Industry Centers (DIC). The latter function at the district level, a critical point for ensuring the transformation of policy into programmatic action. The DICs are a platform where MSME, Small-Scale Industry and Khadi intersect, and provide a channel for operations at the Block and Gram Panchayat levels. They implement schemes involving artisanal production in the areas of metal work, wood craft, carpet weaving etc. through schemes for provision of production spaces, industrial parks, training, marketing, etc.

### **Other Ministries relevant to the Craft Sector**

The huge scale and extent of the requirements for developing craft in the Indian context necessitates the sharing of resources with other government bodies with related mandates, and develop frameworks for collaboration. The following institutional actors have been identified owing to their ongoing programmes which resonate with the needs of the craft sector, as well

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<sup>23</sup> "Working Group Report on Handicrafts for 12<sup>th</sup> Five Year Plan" Ministry of Textiles, Govt. of India 2014

<sup>24</sup> "Report of the Working Group on Handlooms for the 12<sup>th</sup> Five Year Plan" Ministry of Textiles, Govt. of India, 2014

<sup>25</sup> Details of Handlooms and Handicrafts schemes are given in Annexures A & B.



as possibilities of convergence of targets and resources to optimize the progress of the sector. This makes them important stakeholders in the development process.

**Ministry of MSME:** The mandate for craft development is also a part of the functioning of the Ministry of Micro, Small and Medium Enterprises (MSME), which facilitates the promotion and development of MSMEs, including khadi, village industries and the coir sector. The chief aspects distinguishing the functioning of this organisation from the Ministry of Textiles is a greater emphasis on the operational side of manufacturing, a focus on employment generation and a greater stress on credit and financial flows<sup>26</sup>. In addition, MSME schemes are similar to the textiles programmes covering credit, marketing, technology, skill development, infrastructure development, fiscal matters and legal/regulatory framework. These programmes are implemented through various organizations under the Ministry, commercial banks and Small Industries Development Bank of India (SIDBI) and the State/UT Governments.

Areas of priority for the MSME sector include technological advancement and upgradation, corporatization of the sector and developing a public procurement policy to increase market share, encouraging innovations, mainstreaming via establishing a number of business incubators in educational institutions and expanding the outreach of various schemes.<sup>27</sup> There

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<sup>26</sup> Functions of Ministry of MSME include:

- Assist the States in their efforts to promote growth and development of MSMEs.
- Development of khadi, village and coir industries.
- Implementation of the Prime Minister's Employment Generation Programme.
- Facilitate adequate flow of credit from financial institutions/ banks.
- Provide support for technology upgradation and modernization.
- Integrated infrastructural facilities.
- Modern testing facilities and quality certification.
- Access to modern management practices, entrepreneurship development and skill upgradation through appropriate training facilities.
- Support for product development, design intervention and packaging.
- Welfare of artisans and workers.
- Assistance for better access to domestic and export markets.
- Cluster-wide measures to promote capacity building and empowerment of the units and their collectives.

<sup>27</sup> Priority areas of Ministry of MSME include:

- Strengthening of District Industries Centres (DICs) across the country to improve the delivery of services at the field level;
- Strengthening of khadi institutions through implementation of the Khadi Reform and Development Programme;
- Introduction of a Public Procurement Policy for MSMEs for assisting the MSMEs in increasing their market share;
- Encouraging corporatisation of the MSME sector;
- Up-scaling existing schemes or evolving new schemes to assist MSMEs in acquisition, adaptation and innovation of modern clean technologies as well as creation of a Technology Bank/product specific technology centres to enable them to move up the value chain;
- Encouraging innovations through setting up of large number of business incubators in educational institutions of repute;



are multiple overlaps and convergences with the Handlooms and Handicrafts sector, clearly making MSME a major stakeholder with learnings and indicators that are valid for crafts and creative industries. MSME is also viewed as the cradle of innovation for the “Make in India” initiative, a major manufacturing drive.

An example of the target-driven approach followed by the Ministry of MSME is SFURTI (Scheme of Fund for Regeneration of Traditional Industries) launched in 2005 with a view to promoting cluster development. KVIC was the nodal agency for implementation of the scheme. Seventy six clusters were developed as part of the scheme, which was deemed successful following an external evaluation and revamped in 2014 in order to subsume all-round development of the clusters under the 12<sup>th</sup> Plan.

**Ministry of Rural Development:** Issues of poverty and livelihoods that underpin the craft sector in India lead to overlaps with the mandate of the National Rural Livelihoods Mission (NRLM) of the Ministry of Rural Development. NRLM being a livelihoods mission, there is a need for significant focus on promoting livelihood collectives and enabling them to pursue their agenda. Many of the existing livelihood organizations have major constraints related to working capital, market linkages and appropriate business development services. The NRLM is predominantly oriented towards the rural poor with basic survival issues. It is largely a social security measure provided by the state, mandated for stabilizing and improving livelihoods in order to reach a basic subsistence level. Thus various types of crafts and livelihoods activities are subsumed under its strategies, but not oriented towards issues of authenticity, design, marketing etc. that are critical for the craft sector. As yet, there is no census of crafts under the NRLM, and it is difficult to identify best practices. The aim is primarily to generate sustainable models for livelihoods that can be scaled up and replicated.

**Ministry of Labour and Employment:** Occupational Health and Safety (OSH), pertaining to achieving a safe and favourable working environment for those employed in industrial units, are overseen by the Ministry of Labour and Employment. Through its autonomous bodies like National Safety Council, National Institute of Occupational Health, Central Board of Workers’ Education and others, standard practices relating to hazard protection, ergonomic controls, liability, child labour, minimum wage, etc. are imparted via training, laws and guidelines. The norms are specifically applicable to units of a certain scale, i.e. “factories” but may also be recommended as best practices for smaller units.<sup>28</sup>

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- Expanding the outreach of the major schemes/programmes of the Ministry, including National Manufacturing Competitiveness Programme (NMCP), Prime Minister’s Employment Generation Programme (PMEGP), Scheme of Market Development Assistance (MDA) for Khadi, Micro and Small Enterprises-Cluster Development Programme (MSE-CDP), Credit Linked Capital Subsidy Scheme (CLCSS), Credit Guarantee Scheme, etc.<sup>27</sup>

<sup>28</sup> “Occupational health and Safety in the Textile Industry: A Study of Low cost Technological Solutions for Safe and Sustainable Textile Production” AIACA, February 2013



**Ministry of Skills Development and Entrepreneurship:** A major area of concern for the craft sector in India is the issue of skills upgradation, both manufacturing skills and ancillary knowledge such as accounting, production management, marketing and overall business development. The National Skills Development Corporation (NSDC), currently under the Ministry of Skills Development and Entrepreneurship, was set up in 2009 under the PM's National Council on Skill Development with the primary mandate of enhancing, supporting and coordinating private sector initiatives for skill development. NSDC reaches across all sectors and ministries to address targets for skills development in the country, in alignment with industry needs.

NSDC has identified 20 high-growth sectors possessing significant skill gaps that will provide markets for its activities. Each sector is handled by a Sector Skills Council (SSC) consisting of known experts in the field and supported by a secretariat. Twenty two Sector Skills Councils have been set up including three in the fields of Textiles, Handicrafts and Apparel. The SSCs identify the list of gaps in the sector, evolve job roles to address them and support training agencies to provide the necessary skilled personnel. The mandate and resources of NSDC may be useful if mobilized for developing the capacities of craft clusters and incubating them for sustainable functioning through market orientation and revenue generation.

**Ministry of Environment, Forests and Climate Change:** The Ministry of Environment, Forests and Climate Change has several schemes with provisions applicable in an applied manner to the textile industry. It addresses issues of environmental audit, adoption of clean technology in SSIs, waste minimization/cleaner production and environmental management systems. The schemes include Industrial Pollution Abatement through Preventive Strategy, setting up of Common Effluent Treatment Plants (CETP) by the SSIs, etc. This Ministry is a major player in the textile sector since it one of the most polluting industries in India.

### Financial Institutions

The Small Industries Development Bank of India (SIDBI) is the principal financial institution for the promotion, financing and development of the MSME sector. Some of the relevant schemes are: Scheme for Cane and Bamboo craft, Credit –linked Capital Subsidy Scheme (CLCSS), Technology Upgradation Fund Scheme (TUFS) implemented by Ministry of Textiles and the SIDBI Foundation for Micro-credit. The funds are disbursed through State Financial Corporations, Cooperative banks, rural banks and NSIC (National Small Industries Corporation). Its schemes add focus and effectiveness to addressing financial needs in the sector, for instance, it has provided access to credit and working capital to textile workers cooperatives in the Sambalpur-Bargarh Handloom cluster. It also has the advantage of being in a position to influence the macro-level fiscal/financial environment via schemes like the Mutual Credit Guarantee Fund Scheme (MCGFS), wherein it offers security to commercial banks (working capital providers) by way of a Guarantee Fund, which increases their confidence in providing credit to micro-enterprises.<sup>29</sup> NABARD provides funds for grants,

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<sup>29</sup> "Mapping Financial Gaps in the Textiles-Handloom Cluster of Bargarh-Sambalpur- Study Report" March 2014, Grant Thornton.

loans, revolving fund, refinance and extends credit facilities for the micro and informal sector. It supports activities for training, marketing and entrepreneurship development.<sup>30</sup>

## Non-Governmental Organizations and Social Enterprises

Apart from government-driven initiatives, there is a vibrant environment for craft based organizations in the private sector space. Market driven solutions to poverty or social enterprises are a fast-growing area of business in India today. Ranging from health to livelihoods to sanitation, they endeavor to provide sustainable and consumer-driven services with a social agenda.<sup>31</sup> Craft Council of India, founded in 1964 by Kamladevi Chattopadhyaya, functioning with the support of nine state-level Craft councils, is an over-arching umbrella organization for improving livelihoods of the Indian artisans through handicrafts; protecting and enhancing the skills of the artisans, researching, documenting and preserving this tradition, and addressing the holistic need of technology, design, market and entrepreneurial skills for capacitating artisans to cope with a rapidly changing environment. Various craft enterprises across India use different permutations of the for-profit and non-profit methodology to carry out innovative and sustainable solutions to the problems faced by the crafts sector. However, dependence on non-market resources like grants-in-aid from development organizations is a key factor, for creating a more enabling macro-level environment addressing scaling up and sustainability.

## Gap Analysis and Strategies for addressing the issues

Due to the disparities between policy and implementation, organizations working on the ground continue to face problems in access to raw materials and working capital, difficulty in receiving artisan identity cards, access to social welfare schemes like health and life insurance and also standard working conditions including adequate power supply and infrastructure for workers. Despite most of the schemes having been implemented for over two decades, a large section of artisans have not experienced the full impact and benefited in their work and quality of life. These are summarized as follows:

1. Lack of infrastructure in terms of amenable working spaces and adequate housing, power and water supply, storage, road connectivity, sanitation and sewerage.
2. Unavailability of adequate raw material at reasonable prices
3. Lack of access to credit
4. Lack of access to social welfare schemes like health and life insurance
5. Absence of a brand image
6. Less penetration into the domestic market
7. Competition from machine made products

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<sup>30</sup> <https://www.nabard.org/english/RNFSPolicy.aspx>

<sup>31</sup> "On the Path to Sustainability and Scale – A Study of India's Social Enterprise landscape" Intellectap, 2012 [http://intellectap.com/sites/default/files/publications/intellectap\\_landscape\\_report\\_web.pdf](http://intellectap.com/sites/default/files/publications/intellectap_landscape_report_web.pdf)

Taking up the issues one by one, the sector faces serious challenges as follows:

Resource mapping: A comprehensive mapping of neglected crafts and documentation of craft and mapping along the lines of Cultural Resource Mapping is required. (UNESCO's ICH listing may be useful here)

Handicrafts census. Data on craftpersons is urgently required, including their socio-economic conditions, livelihoods, demographic information etc.

Welfare of artisans: Issues relating to health, education and social security need to be addressed. For example, artisans' access to health centres, insurance claim settlements, occupational health and safety, education levels etc. need to be ensured through proper implementation and monitored.

Credit and raw materials: Artisans are almost universally from economically disadvantaged groups, and access to credit and working capital requirements for production is a burning need. Bank loans for setting up revolving funds would be beneficial to the functioning of social enterprises in terms of covering working capital needs. Services offered by scheduled banks do not have the reach and penetration required to address these groups, which lack the skills of financial literacy as also are extremely vulnerable to survival pressures. This is the main reason for artisans' dependence on money lenders and informal funding through social capital.

Infrastructure and technology support: The key issue is the solitary status of the crafts person who faces the challenges of production, marketing and sale and distribution alone. Thus he is prone to exploitation by moneylenders and middlemen in his struggle to sustain himself and his family. Requirements of infrastructure in terms of adequate production spaces, marketing and distribution are severe challenges, limiting improved production capacities and growth. This often leads the crafts person to become a wage labourer rather than an entrepreneur, dependent on others for raw material, production technology and marketing.

Technical resource support: India has a thriving fashion and design industry, which requires constant production inputs by craftpersons. However, the direct links between professional designers and producers is negligible, with middlemen playing larger roles in sustaining this relationship. Institutional strengthening of producer groups, access to equipment and technology, sustainable application of training via the schemes, are urgently required. The schemes are to be implemented via a particular set of statutory organisations or Implementing Agencies. These include Director, Handlooms & Textiles and allied offices of the State Govt., State Handloom Corporation, Apex Co-operative Societies, organisations and NGOs recommended by the state governments, national level handloom organisations and central government organisations<sup>32</sup>. This severely limits the entry of enabling and innovative organisations and methodologies into the sector and circumscribes their market potential. Further, there is urgent need for product and labour standards via an institutionalized system

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<sup>32</sup> Refer "Integrated Handlooms Development Scheme- Guidelines"  
([http://rajiind.rajasthan.gov.in/ihds\\_English.pdf](http://rajiind.rajasthan.gov.in/ihds_English.pdf))

of standard setting, such as Handloom or Craft Mark. Green technology standards can also be dovetailed with Craftmark, to ensure better access to international markets.

Monitoring and Evaluation: Data on crafts persons and their groups is urgently required for adequate monitoring of schemes.

Enabling environment for handmade products: Focus on domestic markets is an important strategic approach in order to strengthen local economies and prevent shock arising from international market trends. Enabling laws like the Handlooms Reservation Act are important for protection of hand-made products in light of competition from machine products, which is leading to devaluation and deskilling of handloom and handicraft producers.

Consolidation of Clusters: There are 2800 clusters across the country, covering 506 districts.<sup>33</sup> The AHVY covers 1396 clusters over 397 districts, roughly half of the identified cluster population. The main challenge is that it is very difficult to convert SHGs, formed via various schemes for the purpose, into community-based entrepreneurial groups.

Regional growth: The northern and central regions form the bulk of handicrafts exports. The Northeast region, for example, is not optimized in term of production of handicrafts.

Effective implementation of schemes: There are various problems in the way the schemes are implemented, in view of the limiting nature of eligibility criteria laid down for the implementing agencies. This leads to corruption and nepotism in the disbursement and administration of schemes, apart from excluding innovative practices and actors from the implementation process. Some of these include:

- Difficulties in land acquisition for setting up Urban Haats
- Review of financial parameters for funds disbursement
- Eligibility criteria
- Funds release pattern

The implementation of the schemes need to be made more effective and transparent and application processes need to be simplified to make the process more enabling.

The tabular format below collates the issues with related institutions and programmes and proposed solutions along with potential innovative actors and actions. The analysis includes indicators for monitoring as also a list of risks and assumptions.

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<sup>33</sup> "Report of the Steering Committee on Handloom and Handicraft constituted for the Twelfth Plan, 2012-2017"

### Crafts Sector Gap Analysis Table

Sector/Issues	Institutions and Policies at present	Gaps and Problems	Innovations and New Actors (includes ongoing actions)	Indicators	Risks/Assumptions
<b><u>Infrastructure</u></b> - Work spaces - Showcasing Spaces	Ministry of Textiles Schemes: 1. CHCDS 2. AHVY 3. DTUS 4. MSSS 5. Handlooms- Yarn Depots	<ul style="list-style-type: none"> <li>- Scattered initiatives- require convergence with other actions for maximum impact</li> <li>- Artisan faces production &amp; marketing challenges alone- needs infrastructure and spaces</li> <li>- Presence of middlemen</li> <li>- Lack of data about craft forms</li> <li>- Programmatic inefficiencies- land acquisition for urban haats etc.</li> </ul>	<ul style="list-style-type: none"> <li>- *Production spaces can be enhanced by dovetailing with NRLM/NULM CFCs<sup>34</sup></li> <li>- *Showcasing spaces- heritage and Tourism sites. Integrated Heritage and Craft Tourism complexes</li> <li>- *Private sector involvement for sustainability via PPP for restaurants, services</li> <li>- *Professional management via SPV/Private body</li> <li>- Revamp the bidding norms for management agencies</li> </ul>	<ul style="list-style-type: none"> <li>- Number of CFCs</li> <li>- Number of Integrated Craft Tourism Complexes</li> </ul>	<ul style="list-style-type: none"> <li>-Quality of products should be monitored</li> <li>- Access to complexes should be available to poorest and most vulnerable producers</li> </ul>
<b>Credit and Working Capital</b>	Ministry of MSME Schemes SIDBI scheme Ministry of Textiles Schemes: 1. AHVY: margin money support	<ul style="list-style-type: none"> <li>- Diversion of working capital for domestic needs</li> <li>- No reach/penetration by credit services offered by scheduled banks</li> <li>- Master craftsmen become middlemen and money lenders</li> <li>- Lack of financial literacy amongst artisans</li> </ul>	<ul style="list-style-type: none"> <li>- *Savings groups under Rural development schemes eligible to extend credit</li> <li>- NBFCs and MFIs should be empowered to give loans</li> <li>- Artisans credit cards</li> <li>- Artisan cluster funding via private investment/private equity</li> <li>- *PE or market funding for social enterprises</li> </ul>	<ul style="list-style-type: none"> <li>- Number of artisan beneficiaries</li> <li>- Number of social entrepreneurs</li> <li>- Amount of handloom fabric increased for</li> </ul>	<ul style="list-style-type: none"> <li>- Credit funds should be used for production, not diverted for domestic usage</li> <li>- Handloom fabric for school uniform – is there enough production? Will it cause de-skilling of craftpersons?</li> </ul>

<sup>34</sup> \* New actions proposed in this report



	<ol style="list-style-type: none"> <li>2. CHCDS- margin money support @ Rs 4000 per artisan</li> <li>3. DTUS – assistance for tools upgradation</li> <li>4. HRD scheme</li> <li>5. Artisans Welfare Scheme – credit guarantee scheme</li> </ol>		<ul style="list-style-type: none"> <li>- Revisit VAT and CST for artisans/producers</li> <li>- Enable FDI in interiors/furnishing- reserve 20% for craft/handlooms</li> <li>- Enabling legislation for enhancing demand, i.e. handloom for school uniforms</li> <li>- Credit Guarantee Fund schemes of SIDBI</li> </ul>	<ul style="list-style-type: none"> <li>- school uniforms</li> <li>- Number of PE firms funding social enterprise</li> </ul>	<ul style="list-style-type: none"> <li>- Authenticity of product when the production levels are high?</li> <li>- Powerlooms will be used</li> </ul>
<p><b>Entrepreneurs hip Development, Training and Capacity building</b></p>	<p>MSME Training and Entrepreneurship Development Scheme</p> <p>Ministry of Textiles Integrated Skills Development Scheme</p>	<p>Lack of opportunities to scale up SHGs</p> <p>Lack of entrepreneurial skills, financial and marketing skills, management skills amongst artisans</p> <p>Lack of enabling fiscal and tax environment for entrepreneurial development</p> <p>Lack of exposure to markets, technology, designs</p> <p>Lack of organisation and institutional strength</p>	<ul style="list-style-type: none"> <li>- *Create possibility for smaller groups to attain Private Equity and enable working capital funding</li> <li>- Expand the role of Implementing Agencies to include producers’ groups, social enterprises, private sector</li> <li>- *Revisit Tax regime for small entrepreneurs</li> <li>- Training along entire value chain should include financial literacy, marketing, management</li> <li>- *Funding for skills development to be sourced through NSDC</li> <li>- *Bring in private sector to incubate small enterprises</li> <li>- Debt and Equity support schemes for producers/social entrepreneurs from SIDBI and NABARD</li> <li>- *Involve business schools in generating business plans for social enterprises as students projects</li> </ul>	<ul style="list-style-type: none"> <li>- Number of small enterprise</li> <li>- Number of groups trained via skills development programmes</li> <li>- Estimate GVA</li> <li>- -</li> </ul>	<ul style="list-style-type: none"> <li>- Routine of production should not compromise the cultural significance of certain products and practices</li> </ul>





			- *Estimate GVA through Handicrafts Census-		
<p><b>Marketing and Branding</b></p> <ul style="list-style-type: none"> <li>- Standards setting</li> <li>- Production increase</li> <li>- Awareness raising</li> </ul>	<p>Ministry of textiles schemes:</p> <ol style="list-style-type: none"> <li>1. MSSS</li> <li>2. CHCDS</li> <li>3. DTUS</li> </ol> <p>HRD Ministry and State Education Departments</p> <p>IIMs and other B schools</p>	<ul style="list-style-type: none"> <li>- Lack of comprehensive brand and logo for Handicrafts, Handlooms and KVIC</li> <li>- Lack of integrated value chain development with regulations and awareness</li> <li>- Lack of standards and benchmarks</li> <li>- Emphasis on foreign/export markets</li> <li>- Lack of GI</li> <li>- No craft awareness or craft training in schools, colleges</li> </ul>	<ul style="list-style-type: none"> <li>- *Craftmark- comprehensive brand, logo, standards</li> <li>- *Sub-brands-i.e. state/product brands</li> <li>- Celebrity endorsement</li> <li>- Mega expos</li> <li>- Advertising campaigns through private sector</li> <li>- *Fundraisers</li> <li>- Focus on domestic markets-strengthen state emporia</li> <li>- Showcase via tourism campaigns</li> <li>- Increase number of GI products</li> <li>- Introduce craft awareness and training as part of school/college curriculum</li> </ul>	<ul style="list-style-type: none"> <li>- Craftmark membership</li> <li>- Number of mega expos</li> <li>- Number of celebrity endorsements, advertising campaigns</li> <li>- Number of schools/colleges with craft courses</li> </ul>	<p>Craftmark penetration will impact the poorest and most vulnerable</p>
<p><b>Design and Technology Upgradation</b></p>	<p>Ministry of Textiles Schemes:</p> <ol style="list-style-type: none"> <li>1. DTUS</li> <li>2. AHVY</li> <li>3. HRD</li> <li>4. SITP (for environmental issues like effluent treatment)</li> </ol> <p>Specialised design institutions like NID, IITs, IICDs, NIFT</p>	<ul style="list-style-type: none"> <li>- Designers lack access to artisans, strong presence of middlemen</li> <li>- Producer groups are institutionally weak, and tend to be victims of exploitation</li> <li>- Knowledge gaps – producers have little access to market trends</li> <li>- Green technology standards are important for access to international markets.</li> <li>- Traditional designs are not documented, facing threats of extinction</li> </ul>	<ul style="list-style-type: none"> <li>- Digital design banks should be set up and placed in the public domain</li> <li>- Artisans database should be prepared for designers to access, i.e. Handicrafts Census</li> <li>- * Design institutes like NIFT, NID, IICD should create interface platforms between artisans and designers</li> <li>- Technical institutes like IITs should consider technology upgrades in participation with artisans as student projects</li> </ul>	<ul style="list-style-type: none"> <li>- Number of design inputs in the production chain</li> <li>- Number of artisans working with designers</li> <li>- Number of new products created via design development inputs</li> </ul>	<p>Designer inputs should not pose a threat to traditional designs</p>



	Design mentorship and technological upgradation	<ul style="list-style-type: none"> <li>- Lack of territorial identities like GI for designs</li> <li>- Producers need technological inputs to enhance production</li> </ul>	<ul style="list-style-type: none"> <li>- *Designer-artisan interface can be enforced through branding and monitoring process i.e. Craftmark</li> <li>- Green standards for craft production can be enforced via Ecomark- can be dovetailed with Craftmark</li> </ul>	<ul style="list-style-type: none"> <li>- Impact of design development on export revenues</li> </ul>	
<b>Artisans Welfare, Occupational health and safety</b>	<p>Ministry of Textiles Schemes:</p> <ol style="list-style-type: none"> <li>1. Comprehensive Welfare Scheme, AABY, RGSSBY</li> <li>2. HRD</li> <li>3. CHCDS</li> </ol> <p>NRLM – social security schemes</p> <p>Ministry of Labour and Employment – Insurance schemes, Housing schemes, OHS laws</p> <p>-</p>	<ul style="list-style-type: none"> <li>- Lack of information and knowledge about the schemes among the potential beneficiaries</li> <li>- Poor implementation of schemes at the local administrative level.</li> <li>- Lack of comprehensive database on artisans, crafts, producers groups</li> <li>- Lack of recognition of artisans identity</li> <li>- Lack of sustainable livelihoods</li> <li>- No estimation of Gross Value Added (GVA)</li> <li>- Lack of Occupational health and Safety norms and support towards improving working conditions</li> <li>- Lack of Environmental norms and infrastructure support</li> </ul>	<ul style="list-style-type: none"> <li>- Health and Life insurance- expand number of service providers (Ministry of Labour standards)</li> <li>- Handicrafts Census- create database supplemented by NRLM</li> <li>- Issue Artisans ID cards</li> <li>- Convergence of infrastructure service provision - upgrade workspaces in terms of sanitation, sewerage, marketing, power supply, connectivity etc.</li> <li>- Implementing agencies – expand to include NGOs and other relevant groups</li> <li>- Carry out advocacy and awareness campaigns</li> <li>- *Craftmark- benchmark for ethical practices.</li> <li>- Awards to master craftsmen and other design innovation awards</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Artisans insurance – number of service providers</li> <li>- Estimate GVA by crafts sector</li> <li>- Estimate number of artisans added to the workforce annually</li> <li>- Crafts items added to UNESCO ICH list</li> </ul>	<ul style="list-style-type: none"> <li>- Enhanced production should not lead to de-skilling</li> <li>-</li> </ul>



## Recommendations for Action

The vision for the sector that is aspired to is ideally a situation where the role of the state (Ministry and state government levels) is one of providing an enabling environment via creating certain strategic convergences for establishing norms, standards and best practices and ensuring that the interests of vulnerable groups are not compromised. The implementation of policy, demand and supply determination, logistics, management and monitoring should preferably be left to the markets, institutions and enterprises to handle. At present, the grant-based funds provided via government schemes should increasingly move towards putting in place initial infrastructure, establishing an enabling fiscal and taxation regime, fine-tune the IPR laws and GI application process, a robust and supportive banking system attuned to the needs of grass-roots production, production quality, occupational safety and environmental standards and an independent quality-control mechanism oriented towards ethical marketing. Existing institutions like NID, IITs, IICDs need to generate stronger and more sustained linkages with producers' groups, designers and social enterprises in order to have more robust curricula for design development via workable projects that benefit artisans as well as future generations of practitioners. Implementation of the complete value chain of production needs to be opened to a greater variety of actors including NGOs and social enterprises that will respond to market requirements. Normative bodies such as AIACA and Craft Revival Trust should assume the role of quality control and benchmarking best practices as also custodianship and dissemination of data, awareness generation and advocacy.

The problems of the sector need to be addressed via a combination of strategic initiatives at the policy and institutional level, "from above", and at the grassroots level of production "from below". Thus, scattered "pockets" of funds for infrastructure, marketing, technology upgradation, training and welfare of artisans should be consolidated, an enabling tax regime and banking systems need to be promoted with greater reach and grassroots penetration for access to credit and working capital, and convergence with initiatives of the ministries of Labour, Health, Industry, MSME, Rural Development, Urban Development, Tourism and Culture need to be established.

Institutional strengthening and organization of artisans' groups is a critical requirement, through the SHG model, SHG federations, producers' companies, private limited companies or not for profit enterprises.

### Convergence – Coming together of Value Chain elements

The rationale for the Convergence approach is premised on the creation of an asset, in terms of combining the various elements of the value chain of production. This includes access to credit and working capital, training and design development, appropriate infrastructure provision, marketing and branding (including GI), and social security for producers. A territorial focus will facilitate such a targeted approach. Apart from facilitating the movement of raw material and finished products, this approach also has the potential to market and showcase the craft by being a destination for visitors and

buyers. Thus, it is also marketable as a Tourism asset, possessing transport, communication and recreational infrastructure in terms of roads, power, services, recreational infrastructure like accommodation, food and sightseeing that will further enhance sustainability.

### Access to credit and working capital

1. The macro-level environment should be revitalized by revisiting the tax regime especially VAT and CST. Schemes instituted by SIDBI and NABARD should expand their reach and penetration to include NBFCs in disbursement of funds.(ref. “Institutional Ecosystem” section, pg. 15) Disbursement procedures require simplification and flexibility to become more inclusive. The existing schemes for debt and equity support for entrepreneurs, need to be dovetailed and ensuring single window clearance for credit and providing tax incentives -
2. Schemes like AHVY should be implemented by a wider range of agencies including NGOs, producers’ companies and social enterprises. NBFCs and MFIs should be enabled, along with banks, to provide credit, revolving funds and working capital loans.
3. FDI in furnishings and interiors can be implemented with a percentage dedicated for craft products.
4. Artisans’ credit cards should be issued to facilitate access to funds.
5. Business schools like the IIMs may be involved in business planning for grassroots producers’ groups or social enterprises as institutional projects.
6. Credit guarantee schemes for commercial banks by SIDBI should be scaled up and implemented across the sector to build macro-level confidence amongst investors.
7. Improvements in the fiscal/tax/banking or macro-level financial environment are required to encourage craft entrepreneurial ventures on a small scale, i.e. easier access to loans and private equity funding via SIDBI and NABARD.

### Entrepreneurship Development, Training and Capacity Building- Introduction of the Creative Enterprise

1. The development of crafts-based entrepreneurship is urgently required to develop the sector in a sustainable manner. This involves targeted interventions at all stages of the value chain and the alignment of the macro with the micro-level environment. Increased stability of income from the craft sector will also encourage the youth to take it up as a viable vocational option.
2. Learnings from international models like OVOP (Japan) indicate the importance of village level empowerment for local manufacturing, covering the full value chain from product identification to marketing and organizational learning. (Ref.

“International Environment” section pg. 8) The Creative and Cultural Industries and Creative Economy models emphasize the ownership of product and process by the artisan and protect the ownership via rigorous documentation and an intellectual property regime. ( Ref. “International Environment” section pg. 7) The shift from dependence on government schemes and disbursements to ownership of the product and value chain by producers needs to be made in India. The most effective vehicle for this change is the Social Enterprise, or the Small Creative Enterprise, both for production as well as marketing.

3. Expansion and strengthening of the GI regime and dovetailing with all other elements of the value chain is necessary.
4. Criteria for implementing agencies for schemes should be expanded to bring in more talent and experience in terms of social enterprises and private sector agencies.
5. Incubation of community enterprises, producers’ groups by the private sector, NGOs and social enterprises should be put in place on a large scale.
6. Training in institutional development, financial literacy, business planning, marketing as part of value chain development is critical in addition to design development.
7. Training programmes for skills development can be evolved through collaboration with NSDC.
8. Corporates should come forward to adopt craft clusters for sustained mentoring of craft based business development and regional growth.
9. Drawing from the Creative Economy model of the UK, estimation of Gross Value Added (GVA) should be carried out based on the numbers and performance of the small creative enterprises. This will indicate the impact of the Creative Industries on the economy as a whole.

## Marketing and Branding

1. The felt need for a comprehensive brand for Indian craft should be addressed via setting up an independent benchmarking agency (Craftmark) to address the issues of quality, authenticity, standards of production, social and environmental compliances, occupational safety etc. This may also facilitate marketing and advertising at one end, and ensure compliance with norms along the backward linkages.
2. Marketing focus should also be on the domestic market which is a large, robust and reliable source of sustainability for the sector. The OVOP model of craft production in Japan, a country where 84% of production is via the Small and Medium Industries channel, (see page.), is premised on domestic market consumption. The presence of domestic markets will also diversify income sources and prevent economic shocks to vulnerable producers.
3. EPCH and the state government emporia/SIDC should be revitalised in this regard through partnerships with private entities.

4. Business schools may be involved in developing marketing and branding strategies and educational institutions may be involved in highlighting the socio cultural development through revitalization and sustenance of crafts practices and practitioners. Altogether, this will raise the value of crafts and may create new markets through improved awareness.
5. Celebrity endorsements via media campaigns will build consumer awareness and enhance the impact of craft as a viable product. Consumer awareness, national events, brand ambassadors, calendar of events, exhibitions and events across the country have to be planned strategically.
6. A greater role for the private sector should be envisaged, with schemes and activities taken up under collaboration with individual corporate through CSR as also industrial consortia like FICCI and CII.
7. Products under GI need to be increased to preserve authenticity.
8. E-commerce through online retail outlets is an important market for craft which ensures direct market linkage, especially for producers are located far from urban retail centres. Such e-commerce platforms should have ethical marketing strategies, ensure fair price and build stories of the producers around the crafts to enhance value. Also, ancillary services like accurate and attractive catalogues, payment and returns policies etc. must be maintained according to prevailing standards. Also, authenticity of products must be equally maintained without pressure on craftpersons to conform to market pressures.

## Design Development and Technology Upgradation

1. Design institutions like NID, IICD and NIFT should integrate with regional and local level initiatives of various enterprises working for the development of the craft sector to mainstream best practices across the country. -
2. Technology institutes may work with artisans groups to upgrade production technology through research fellowships.
3. Data and information on design trends and also traditional designs should be stored in design banks which should be available in the public domain.
4. Design awards to Master Craftsmen (Shilp Gurus), social enterprises etc. are important in providing recognition, maintaining high standards and encouraging healthy competition in the crafts community.
5. Interventions should focus on developing innovative and contemporary designs that are in sync with the essence and the traditional language of the concerned craft and are developed in a collaborative way.
6. The use of green technology should be mainstreamed into craft production centres.

## Artisans Welfare

1. Social Welfare Schemes across multiple ministries should be integrated for Artisans, Weavers and Ancillary workers.

2. Insurance services should be expanded to include more service providers for competitive bidding
3. -
4. International standards and best practices for Occupational Health and Safety (OHS) involving improved working conditions, hazard and pollution control, minimum wage, child labour etc., as implemented by the Ministry of Labour and Employment, should be adapted and applied to the craft sector. Health and life insurance delivery systems should be on par with the standards of the Ministry as also with international best practices. This may also be dovetailed with Craftmark to facilitate access to international markets.
5. Implementation should be streamlined by use of biometric identity cards and involvement of multiple service delivery companies. The service provider should also be required to generate awareness about the schemes amongst the community.
6. Pension and Distress Relief funds should be provided, as also support for indigent artisans.

## Way Forward

The roadmap for sustainable development of the craft sector is premised on its being situated within the rubric of Creative Industry. That is to say, a convergence is required between production, marketing and showcasing with the macro-level environment of the fiscal and legal regime, systems of standards and quality control and capacity-building at the grassroots level. The entity that will best implement and manage this process is the social enterprise, with its accountability to the interests of the vulnerable along with its orientation to the markets.

Adapting the analytical methodology proposed by the CCI model of the EU, the craft sector's journey along the road to sustainability is underscored by three fundamental aspects, i.e. building the pre-conditions for development of the CCIs, putting in place enabling policies, creating awareness and generating strategic alliances; strengthening the CCIs in terms of clustering for increased access to the craft clusters and infrastructure development, creative incubation and capacity building; and establishing linkages with other sectors including education, tourism, culture, urban development, environment etc.





<b>Creating Preconditions/favourable environment for developing CCIs</b>	<b>Strategies-Policies-Measures</b>	<b>Awareness raising-information-services</b>	<b>Strategic Alliances-Institutional Framework</b>	<b>Mapping-Studies</b>
	<p>Cluster Development</p> <ul style="list-style-type: none"> <li>- Asset creation</li> <li>- Infrastructure</li> <li>- Capacity building of artisans</li> <li>- Integrated Tourism &amp; Heritage complexes</li> <li>- Professional management, social enterprises</li> </ul> <p>Revisit Macro-level environment, i.e. tax regime, IPR, FDI in furnishing/interiors, banks, NBFCs, MFIs for credit</p> <p>Implementing agencies to include NGOs, social enterprises</p>	<p>Comprehensive brand for Indian handicrafts- Craftmark</p> <p>Backward linkages for norms and standards of production, welfare, occupational safety</p> <p>Forward linkages for marketing</p> <p>Marketing expos, urban haats, celebrity endorsement</p>	<p>Convergence with related ministries on an issue basis via working groups.</p> <p>Ministries of Rural development, Labour, Urban Development, Tourism etc.</p> <p>State emporia upgradation</p> <p>Cluster management to be professionalized</p> <p>Craft business incubation programmes to be institutionalized</p> <p>Craft training programmes introduced in central universities</p> <p>Design mentorship, design internship and apprentice programmes in partnership with in Design Institutes and large Craft enterprises</p>	<p>Cluster Development - Baseline surveys</p> <p>Resource Mapping</p> <p>Handicraft Census</p>



	<p>Credit – MFIs &amp; NBFCs to extend rural credit to artisans; Banks – 10% compulsory lending to artisans</p> <p>Design/tech upgradation – Design mentorship, exposure and training with craft design industry experts and renowned designers</p> <p>Marketing, Branding- Standards &amp; benchmarks for quality and social-environmental compliances</p> <p>Independent regulator set up, revisiting taxes, i.e. VAT and CST to support the crafts sector</p> <p>Infrastructure- consolidate infrastructure components of AHVY, DTUS, MSS, reuse of unutilized spaces of the government</p> <p>Human Resource Development – Linkage with NSDC for training programmes</p> <p>Artisans Welfare- OHS, hazard control, health and life insurance on par with Ministry of Labour, expanding number of service providers, housing scheme to be on aligned with Ministry of Rural Development scheme, linkage with National Public Health Mission</p>	<p>Financial literacy of artisans</p>		
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Strengthening CCI to become competitive, sustainable	Networks and Clusters	Access to Credit/Finance	Creative Business Incubation	Physical Infrastructure	Capacity Building
	<p>Cluster Development- set up regional and inter-disciplinary clusters covering entire value chain, from production to marketing. Link with Tourism and Heritage as relevant. Develop Craft Tourism</p>	<p>Credit- include non-formal credit institutions, NBFCs and Micro-finance institutions</p>	<p>Organizational development of groups and clusters and capacity building and handholding through the entire value chain-</p> <p>Training on financial literacy, production management, inventory management, design innovation, market understanding, building marketing and branding strategy</p> <p>Direct market linkage</p>	<p>Work sheds, raw material banks, storage areas, testing laboratories, buyer-seller meeting spaces, exhibition spaces, common facility centres, or resource centres</p> <p>Green standards maintained via Effluent Treatment Plants, recycling waste water. (Ref. Jaipur Bloc)</p>	<p>Financial literacy, soft skills training</p> <p>empanelment of young talented designers for design interventions through a network of experts across various crafts</p> <p>Participatory design development</p> <p>Link with private sector &amp; industry groups for business mentorship</p> <p>Mobilize IIMs and design schools for artisan training</p>



Spill-over Effects- Bridging CCI's with the rest of the economy and society	Innovation & productivity	Education & Lifelong learning	Social Innovation & Well-being	Tourism & Branding	Regional development	Environmental Sustainability
	<p>Social entrepreneurship development</p> <p>Artisan/ craft producer owned enterprises</p>	<p>Mainstreaming crafts as a viable technical skill for employment, entrepreneurship.</p> <p>Courses on Craft entrepreneurship in Design institutes, Technology institutes, Business schools</p> <p>Craft education courses in school curriculums for raising craft awareness among young generations and future leaders</p>	<p>Improved Standards of housing and infrastructure</p> <p>Impact on wellbeing indicators of health, sanitation, child education,, occupational health and safety</p> <p>Social security</p> <p>Improved social and cultural identity generating self esteem, sense of empowerment especially among women.</p>	<p>Craft as a tourism asset.</p> <p>Promote Heritage and Craft Tourism as part of the larger cultural identity of a region</p> <p>Branding linked to life stories of the practitioners to establish the value of skill, identity and pride in indigenous crafts</p>	<p>Upgradation of villages, towns and cities via cluster development resulting in improved access, roads, services.</p>	<p>Crafts entrepreneurship development to generate sustainable and green livelihood, reducing migration to cities, pressure on urban spaces, reducing pressure on forest resources, conservation of natural resources by reducing depletion, effective use of renewable resources</p> <p>-</p>



The Creative Economy model implemented by the UK has much beneficial learning for the sector in India, particularly with respect to quantifying the revenues generated and formulating the Gross Value Added (GVA) to the nation's GDP. This calls for rigorous data collection and maintenance of records of workers and activities in the field, a major gap in India today. Adoption of this approach would enable India to have a more reliable estimate of the sector and its components, enabling targeted investment and interventions, effective market linkages and better quality control. It would also lead to more focused social security measures, identification of a wider range of craft brought into the sectoral network and upgradation of training programmes.

The One Village One Product model from Japan is another viable option for India and can be applied within the framework of the cluster initiatives. However, as the model is based on a high level of civil society action and initiative on the part of village communities, there may be a lack of these capacities in the Indian case. Thus, the programme could be dovetailed with grassroots initiatives like the NRLM as also collaboration with NGOs to build local capacities at the community level. An example like the World Bank Rural Sewage and Sanitation Programme (WBRSSP), implemented through NGO collaboration, could be looked at.<sup>35</sup>

## Conclusion

As a way forward, development of craft entrepreneurship with learning from the Creative Industries model from across the globe can be undertaken as a holistic approach towards sustainable livelihood creation in this sector. There need to be a strong focus on policy relating to the different aspects of mainstreaming crafts with the national development trajectory. In order to create and strengthen the enabling environment for crafts businesses to grow and thrive, integration of national resources is critical along with effective public private partnerships. The immediate actions points may include multi stakeholder consultations with relevant ministries and government bodies keeping one holistic target of grassroots entrepreneurship development through crafts; setting up of action oriented working groups with participation from government, non- government and private bodies, plan socio economic studies for holistic strategy development, carry out technical and financial audit of ongoing Govt. of India schemes and evaluate their business and operational effectiveness; carry out a study to evaluate the financial/market impact and effectiveness of social enterprises and identify the best practices, review and revamp Bidding parameters for Implementing Agencies and insurance service providers (to include agencies listed under Insurance Regulatory and Development Authority) to include professional, experienced and effective entities.

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<sup>35</sup> <http://www.worldbank.org/projects/P132173/india-rural-water-supply-sanitation-project-low-income-states?lang=en>

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## **Annexure A. Details of Central Sector Schemes for Handicrafts of the Ministry of Textiles**

### Ambedkar Hastshilp Vikas Yojana (AHVY)

Launched in 2001-02, the scheme covers most activities along the value chain from production to marketing. The scheme is implemented by outsourcing the activities to NGOs, reputable organisations like COHANDS, EPCH, IICT, NIFT, NID, State Handicrafts Development Corporations, other Government Corporations etc.

The components of this scheme cover the following:

1. Social interventions: diagnostic survey of artisans, mobilisation into SHGs and issue of identity cards.
2. Technological interventions: development and supply of modern tools, design and technological development workshops, training of artisans, design development workshops, seminars and symposiums.
3. Marketing interventions: exhibitions, publicity, handicrafts emporia, market and product assessment, exposure trips for artisans, upgradation of warehousing/work sheds, entrepreneurial development programmes
4. Financial interventions: margin money support, wages to Cluster Managers, engagement of experts, credit guarantee

The AHVY is recognised as one of the most successful schemes covering about 70% of identified cluster members.

### Comprehensive Handicrafts Cluster Development Scheme (CHCDS)

Mega cluster approach is a drive to scale up the infrastructural and production chain at Handicrafts clusters which have remained unorganized and have not kept pace with the modernization and development that have been taking place so far.

The components of this scheme are:

1. Raw materials and facilities, i.e. Common Facilities Centre
2. Technology upgradation: modernisation of tools and technology
3. Product diversification as per market requirement
4. Raw materials bank
5. Resource centre
6. Market development: brand promotion, buyer-seller meets, exhibitions, retail spaces
7. Forward and backward linkages: handicrafts parks, testing laboratories, R&D
8. Human Resource and Skills development: training, recruitment centre
9. Social Security: life insurance, small savings
10. Physical infrastructure development: roads, water supply, power
11. Export and marketing: clearing facility, customs office, trade centre
12. Margin money for working capital: Margin money @ Rs 4000/- per artisan

### Design and Technology Upgradation Scheme.

The components of this scheme are:



1. Financial assistance to Central Government institutions
2. Financial assistance to state based institutions, i.e. design centres, museums
3. Skills upgradation: training of trainers, Shilpgurus,
4. Financial assistance for acquiring modern tools and equipment
5. Assistance for design and technical upgradation, holding design development workshops
6. Documentation and preservation of rare and languishing crafts
7. National awards
8. Product development for exports

### Market Support and Services Scheme<sup>36</sup>

The components for this scheme are:

1. Domestic marketing:
  - crafts bazaars, i.e. Gandhi Shilp Bazar
  - exhibitions, urban haats
  - Hiring of built up space in events organized by other organizations
2. International marketing:
  - Participation in international fairs and exhibition abroad
  - Folk Craft Festival of India/ Stand Alone Shows/ road shows
  - Marketing Studies abroad
  - International craft exposure programme
3. Publicity and brand promotion: print media, web marketing, hiring brand ambassador, design logo for handicraft brand, Cultural Exchange Programme

According to the mid- term appraisal, the scheme has had a large positive impact, with 90% of artisans achieving increased market access and 80% reporting increase in income levels. However, it must be noted that the impact is confined to the artisans who are members of participating clusters or associated institutions, and the impact on the larger artisan community is not determined.

### Human Resources Development Scheme- Training and Capacity-building

The Human Resource Development (HRD) Scheme has been formulated to provide qualified and trained workforce to the handicraft sector, thus addressing a major gap identified in the sector. This scheme also aims to create human capital for the sector in terms of a trained cadre of designers for the handicrafts by providing relevant inputs through its components. The scheme includes a provision made for the imparting soft skills considered necessary for the artisans to enable them to undertake their own business successfully.

The components of the scheme are:

1. Training through established institutions
2. Handicrafts training program
3. Training through Guru Shishya Parampara
4. Training of the trainers

<sup>36</sup> <http://handicrafts.nic.in/dc hc marketing.pdf>

## 5. Design mentorship and apprentice program

The scheme has had a positive impact on about 80% of the beneficiary groups, according to the Mid-term Appraisal.

### Handicrafts Artisans Comprehensive Welfare Scheme

The artisans' performance is underscored by basic problems of being in the unorganized sector with additional constraints like lack of education, capital, poor exposure to new technologies, absence of market knowledge and poor institutional framework. The scheme has been formulated to address the need for artisans' welfare with a view to enhancing their quality of life and social security.

The components of the scheme are:

1. Rajiv Gandhi Shilpi Swasthya Bima Yojana: this includes access to healthcare facilities via health insurance. The implementation is carried out via the ICICI General Insurance Company. Funding for the scheme is shared between central and state governments on a 75:25 basis.
2. Aam Admi Bima Yojana (AABY): Artisans between the ages of 18-59 years and within the BPL framework are eligible for the scheme, which is implemented by LIC.
3. Support to artisans in indigent circumstances: This is applicable to National Awardees, State Awardees and Merit Certificate holders who are over the age of 60 years.
4. Credit Guarantee Scheme: The scheme ensures collateral-free credit facility (loan and working capital) to artisans and manufacturers for production worth Rs 25 lakhs.
5. Interest Subvention Scheme: To facilitate credit for artisans, an interest subvention of 3% is available for loans from scheduled banks.
6. Issue of Identity card and creation of database: identity cards linked to Aadhar cards shall be issued to artisans and database generated for monitoring and evaluation.

### Research and Development Scheme:

Research & Development Scheme was introduced in 1956-57 as Central Sector Scheme in order to generate feedback on economic, social, aesthetic and promotional aspects of various crafts and artisans in the sector.

The components of this scheme are:

1. Conducting surveys along the entire value chain
2. Census of Handicrafts artisans
3. Registration under the GI Act
4. Setting up new testing laboratories
5. Compliance with global standards and bar coding, establishment of Handicrafts Mark

## Annexure B: Overview and Schemes of the Handlooms Sector

### Handlooms: Sectoral Overview and Schemes

<b>Sectoral Overview</b>	
Issues besetting the sector	<ul style="list-style-type: none"> <li>- Raw materials and credit</li> <li>- Technology and Infrastructure</li> <li>- Welfare</li> <li>- Marketing and branding</li> <li>- Design development</li> <li>- Research</li> </ul>
<u>Facts and figures</u>	
Employment (countrywide)	23.77 lakh handlooms in India provide employment to 43.32 lakh weavers and ancillary workers.
Adults	38.47 lakhs
Full-time	24.72 lakhs
Part-time	13.75 lakhs
Women	77.9%
SC	10.13%
ST	18.12%
OBC	45.18%
Others (including minorities)	26.57%
Weavers in rural areas	87%
Hindus	78%
Muslims	15%
Christians	6%

### Central Sector Schemes and Programmes for Handlooms<sup>37</sup>

	Scheme	Proposed Outlay in 12 <sup>th</sup> Plan (in crores)	Activities	Targets for 2011-12
1.	Integrated Handloom Development Scheme (IHDS),	164.70	<ul style="list-style-type: none"> <li>- Launched in 2007-08</li> <li>- Components               <ul style="list-style-type: none"> <li>- Cluster Development Programme: 300-500 Handlooms per cluster; funding up to Rs 60 lakh per cluster; time – 3 years; activities – form SHGs, yarn depots, design development, CFCs, technology/skills upgradation, credit and working capital, marketing</li> <li>- Marketing incentive for handloom corporations, apex organisations, primary weavers societies</li> </ul> </li> </ul>	10.00 lakh weavers
2	Institutional Credit for Handloom Sector		<ul style="list-style-type: none"> <li>- Launched in 2011-12</li> <li>- Components               <ul style="list-style-type: none"> <li>- Interest subsidy of 3% on loan for 3 years</li> <li>- Margin money assistance, Rs 4200 to weavers and SHGs</li> <li>- Credit guarantee for 3 years to banks/financial institutions lending to weavers</li> </ul> </li> </ul>	
3	Integrated Handloom Cluster Development Scheme (IHCDS) Central Sector Scheme		<p>Launched in 2006-07</p> <p>Components:</p> <ul style="list-style-type: none"> <li>- 20 clusters of 5000 weavers each</li> <li>- GoI's contribution – 2 crores per cluster</li> <li>- Time – 5 years</li> <li>- Beneficiaries – 1.5 lakh weavers</li> </ul>	
4	Comprehensive Handloom Cluster Development Scheme (CHCDS)		<p>Launched in 2008-09</p> <p>Components:</p> <ul style="list-style-type: none"> <li>- Covers geographical location with 25000 handlooms</li> <li>- GoI – 70 crore per region</li> <li>- Time – 5 years</li> <li>- Covers – raw material, working capital credit, work shed construction, skills upgradation, design development and marketing</li> <li>- Clusters: Varanasi, Sivsagar, Virudhunagar, Murshidabad</li> </ul>	

<sup>37</sup> "Report of the Steering Committee on Handlooms and Handicrafts constituted for the 12<sup>th</sup> Plan", 2.5.2012

5	Marketing & Export Promotion Scheme	55.60	<p>Components:</p> <ul style="list-style-type: none"> <li>- Marketing promotion – exhibitions, craft melas, urban haats, marketing complexes</li> <li>- Covers- awareness generation, marketing/infrastructure support, design innovation and techniques, branding, i.e. Handloom Mark, Handloom Export Promotion Programme (involve apex organisations and cooperatives in product development, engaging designers,, marketing consultants, skills upgradation and market penetration)</li> </ul>	700 domestic events, 15 export projects, 10 international fairs
6	Handloom Workers Comprehensive Welfare Scheme	160.00	<p>Components:</p> <ul style="list-style-type: none"> <li>- Health Insurance – ICICI Lombard</li> <li>- Mahatma Gandhi Bunkar Bima Yojana, LIC</li> </ul>	HIS: 17.96 lakh weavers MGBBY: 7.96 lakh weavers
7	Diversified Handloom Weavers Development Scheme	24.10	<p>Components:</p> <ul style="list-style-type: none"> <li>- Technology and skills upgradation</li> <li>- 25 weavers service centres</li> <li>- 5 IIHTs</li> <li>- National Centre for Textile Design, 2001</li> <li>- R&amp;D, Handloom Census, Photo ID cards</li> </ul>	300 exhibitions cum workshops
8	Revival, reform and restructuring package	200.00	<p>Launched in 2011-12</p> <p>Components:</p> <ul style="list-style-type: none"> <li>- One time write off of bank loans to weavers</li> <li>- Open choked credit lines for weavers societies</li> <li>- Outlay – Rs 3884 crore. Centre-3137 crore, states, 747 crores</li> <li>- NABARD – implementer</li> </ul>	
9	Integrated Skills Development Scheme		<p>Launched in 2010</p> <p>Components:</p> <ul style="list-style-type: none"> <li>- Target: train 1.55 lakh persons over 5 years</li> <li>- All types of training, basic to entrepreneurship development</li> <li>- Private sector and PPP, govt:private – 75:25</li> </ul>	
10	Handloom Reservation Act		<p>Launched in 1985</p> <p>Targets:</p> <ul style="list-style-type: none"> <li>- Aim: protect livelihoods of weavers</li> <li>- Protect cultural heritage of handlooms from powerlooms and mill sector</li> </ul>	
11	Special requirements		<p>Aims to address</p> <ul style="list-style-type: none"> <li>- 90% of HL HH in NER are weaver HH</li> </ul>	



	of North East Region		<ul style="list-style-type: none"> <li>- 63.4% of total weavers in country are from NER</li> <li>- Low productivity due to infrastructure, technology, scale and design issues</li> <li>- Increased number of clusters, increased technical assistance</li> </ul>	
12	Mill Gate Price Scheme	92.00	<p>Components</p> <ul style="list-style-type: none"> <li>- The Scheme enables all eligible handloom agencies to obtain yarn at Mill Gate Prices;</li> <li>- facilitates regular supply of basic raw material to individual weavers through the yarn depots</li> <li>- helps to optimize their employment</li> <li>- reimbursement of transportation expenses in the supply of yarn</li> <li>- In 2011-12, 10% subsidy on supply of hank yarn to the handloom sector was added to the scheme</li> </ul>	1200 lakh kg