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GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT
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National
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Human Resource and Skill Requirements in the Handlooms and Handicrafts Sector

(2013-17, 2017-22)

cutting through complexity

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In addition, we convey our gratitude to all those who have, in some way or other, contributed towards the successful completion of this study.

Executive Summary

India has the highest capacity of loom with a share of 61 percent in the world loomage

Key Growth Drivers

- India is the biggest producer of jute in the world in (1.67 million tonnes), second in silk production (23679 MT), second in cotton production (5.7 million tonnes) while fifth in synthetic fibre production during 2012–13.
- India is a powerhouse of silk production; only China produces more silk annually, than India. India is also notable that it produces all four commercially used varieties of silk: mulberry, *tusser*, eri and *muga*; around 80 percent of silk produced is of the mulberry variety.
- India is the biggest exporter of yarn in the international market and has a share of 25 percent in the world yarn export market; along with a share of 12 percent in yarn and textile fibre production in the world.
- India has the highest capacity of loom with a share of 61 percent in the world loom age

Concerns and Challenges

Rising input costs

- Raw material for cotton costs are high due to high local prices and transport costs, especially for southern states that bring cotton from the west. The problem is far more acute for individual weavers due to lack of economies of scale. Also earlier weaving of handloom was done on cotton, but now other fibres are also used.

Sparse credit coverage and high cost

- Lack of financial literacy among weavers and operating outside the purview of institutional financing increase credit-related challenges for them. The dependence of units on the master weaver or trader is high, for provision of orders with raw-material, design and an advance on labour given by them.

Poor policy dissemination

- Lack of amount of information available to weavers regarding various government policies and schemes acts as a critical factor for diminishing revenues.
- Most schemes, which can target specific problems of small players, are replaced by those that require 'big' implementers with access and influence.

Government Initiatives and impacts

- To make small units sustainable and facilitate the growth of independent business units, common facility centres (CFC) have been established. CFC is a place where facilities, such as warping machines, sizing plant, raw material bank, are present to help the weaver.

- Handlooms Export Promotion was established to assist Handlooms cooperative societies and corporations in developing export-worthy products, by interventions in the form of engaging professional designers and marketing consultants, upgrading skills and market penetration by participating in international fairs/exhibitions, buyer-seller meets and brand development through Handlooms mark and setting up design studios

Sources: KPMG in India analysis

Introduction

The story of Indian Handicrafts dates back to one of the oldest civilisations of the world. Indian Handicrafts represents beauty, dignity, form and style. In the 1970's, the government initiated the preservation of crafts, skill upgrade, and the challenges the sector was facing, However the focus shifted to export in the later decades. It plays a significant role in the country's economy and provides employment to more than 7.3 million people; mostly from rural and semi-urban areas. Based on historical trends, the Handicrafts sector is expected to grow by 16 percent during 2013–17 and by another 16 percent during 2017–22

Sector Specific Indicators (2011–12)	
Production	INR 302.57 billion
Growth rate of production (base 2008–09)	16 percent CAGR
Exports	INR168.51 billion
Growth rate of exports (base 2008–09)	15 percent CAGR
Employment (estimated)	7.2 million

Note: *The employment numbers have been sourced from the Planning Commission estimate (based on the ongoing Handicrafts census estimate). However, Crafts Council of India (CCI) had earlier carried out a study which guesstimates the employment in Handlooms and Handicrafts to be around 200 million, which is about 18 times of the census estimates. Given the huge difference, CCI has convinced the Planning Commission to include artisans for enumeration in the sixth economic census. The results of this census are yet to be announced by the Central Statistical Organisation.*

Concerns and Challenges

Handicrafts census

- Lack of adequate and authentic data on crafts persons, including their socio-economic status, livelihood conditions and details of families, is a major bottleneck that affects planning and policy-making for the sub-sector

Credit and raw materials

- Most artisans are from economically disadvantaged sections with limited access to capital, which leads them to local moneylenders. Similarly, raw materials are sourced locally and ensuring high quality of raw materials remains an issue, which results in poor returns.

Infrastructure and technological gaps

- The availability of infrastructure required by the Handicrafts sub-sector has been less than satisfactory, leading to a loss of competitiveness. The situation has further risen due to the lack of advanced technologies, as old methods of production lead to inefficiency.

Sources: Handlooms census 2009–10; Planning Commission; Crafts Council of India; craft economics and impact study, KPMG in India analysis

Demographic characteristics of workforce-Handlooms

60.5 percent of Handlooms/weaver households are located in northeast India.

Key Characteristics of Workforce	
Urban-rural	▪ Handloom is predominantly a rural phenomenon with a significantly high number of Handlooms households located in these regions. ▪ Rural areas have about 87 percent of weaver households and urban areas have the remaining 13 percent. In terms of number of workers, it is 84 percent in rural areas and 16 percent in urban areas
Geographical clusters	▪ Geographically, workforce distribution is highly concentrated with 60.5 percent(16.83 lakhs) of Handlooms/weaver households located in northeast India. Assam alone accounts for 44.6 percent(12,41 lakhs).Other states, such as West Bengal, consist of 4.07 lakhs(14.6 percent), Andhra Pradesh consists of 1.77 lakh(6.4 percent) ▪ Location of loom, rural: 20.66 lakhs (86.9 percent),urban: 3.11 lakhs (13.1 percent)
Composition of workforce	▪ Composition of workforce, that is indirectly related in the overall employment has considerable urban-rural variations. ▪ While the share of Handlooms weavers in rural areas is high (78 percent), urban areas have higher composition of allied workers (37 percent) than the rural ones (22 percent).
Gender composition	▪ The sub-sector has a major proportion of women workers (29.98 lakhs i.e. 78 percent of overall) as laborious pre-loom and post-loom activities are traditionally attended to by women. ▪ This ratio falls to 58 percent in urban areas while rural areas have women workforce of about 82 percent.
Education levels	▪ A majority of Handlooms workers have never received any form of education (rural 32 percent and urban 29 percent). ▪ Weaving skills are traditionally inherited from community-based learning, indicating the limited need for educational qualification as a criterion to pursue such activities.
Age-wise distribution	▪ A large number of Handlooms workers are in the age group of 18–35 years, with a majority of them from rural areas, 38.47 lakh ,88.8 percent of the total workforce are adult Handlooms workers (aged 18 and above).

Sources: Industry Interactions; KPMG in India analysis

Demographic characteristics of workforce-Handicrafts

Key Characteristics of Workforce

Household sector

- The Handicrafts sub-sector is recognised as the second-largest sector of rural employment after agriculture.
- The activities are predominantly conducted in the organised household sector.

Geographical clusters

- Main clusters for the Handicraft sub-sector are located in Arunachal Pradesh, Assam, Mizoram, Manipur, Meghalaya, Tripura, Delhi, Rajasthan, Jammu and Kashmir, Bihar, Jharkhand, West Bengal, Andhra Pradesh, Tamil Nadu, Kerala, Gujarat, Madhya Pradesh, Uttar Pradesh and Maharashtra.

Composition of workforce

- Out of the total crafts persons/workers, 24.16 percent are from the scheduled castes, 4.18 percent from the scheduled tribes, 47.4 percent are women and 22.9 percent belong to minority groups.
- The Handicraft sub-sector largely comprises women workers and artisans from the weaker sections of the society.
- The level of education among workers is significantly low, leading to poor marketing skills and low standard of living.
- The sub-sector largely comprises women workers, out of which 71 percent are illiterate.

Regional imbalances

- Widespread regional imbalances exist throughout the country with visible gaps in production and sales. The disparity is evident from the fact that the north-eastern states majorly contribute to export while other regions contribute only marginally to export.

Programmatic inefficiencies

- The Handicraft sub-sector is dominated by several programmatic inefficiencies, such as eligibility criteria, financial aspects and fund release patterns. There is a need for evaluating and reviewing such inefficiencies

Limited role of private enterprise

- Implementation of project interventions is limited by the capacity of NGOs/ implementing agencies (IAS)
- Such agencies are marred by limited linkages with the markets and limited capacity to sustain operations once the funding has stopped

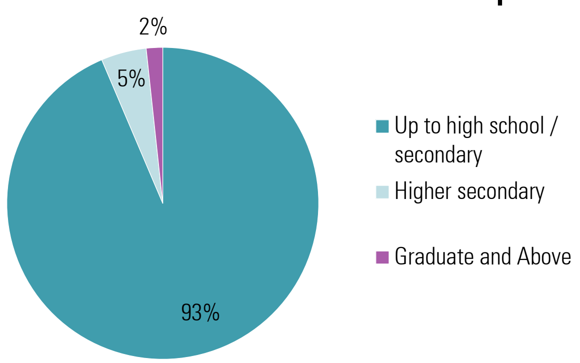
Incremental Human Resource Requirement (2013-22)

The handloom & handicrafts sector is expected to grow to 17.79 million by 2022

Human Resource Growth Trends in the Sector (in million)

	Employment (in million)			Employment growth 2013–17	Employment growth 2017–22
	2013	2017	2022	(In million)	(In million)
Handlooms	4.33	4.33	4.33	--	--
Handicrafts	7.32	9.60	13.46	2.28	3.86
Overall sector	11.65	13.93	17.79	2.28	3.86

Education wise break up of incremental HR requirement (2013 - 22)



More than 90 percent of the incremental human resource requirement is expected to be in minimal education category as the industry does not mandate any specific education levels for employment

Challenges in skill supply and development

Job Roles	Representative Skill Gaps
Identification of customer segments in contemporary markets	▪ The markets that artisans traditionally catered to are significantly different from modern markets in terms of customer segments ▪ Artisans lack knowledge on demographics and spending behaviours
Communication and co-ordination skills	▪ To withstand competition from mechanised processes and deliver big orders as required in modern markets, artisans may often have to collaborate, leaving their traditional workplaces of households, to benefit from economies of scale ▪ This process requires artisans to communicate and co-ordinate with each other to meet client requirements within the specified timeframe
No skills premium	▪ No fair wages mechanism ▪ No premium for craftsmanship
Mismatch in expectations of students and employers	▪ The next generation of artisans do not want to become artisans as less remuneration makes the sector unattractive. ▪ In addition, the traditional form of teaching, training and skill development for the Handlooms and Handicrafts sector has remained absent in the formal education system, including research institutes

Supply & Training Infrastructure

The technical nature of the jobs in this sector requires more investment on practical/on-the-job training

Government Initiatives

Training, HRD, R&D and technical processes

The government extends support for improvement in existing infrastructure and machinery, introduction of degree courses, R&D projects, revival and documentation of languishing Handlooms crafts

- **Design and Technology Up gradation Scheme:** It caters to the introduction and dissemination of new designs, development of innovative technologies/technical processes and showcasing of prototypes in exhibitions as well as online The purpose of this scheme is to provide financial assistance to the institutions sponsored by the central government, upgrade skills through training, documentation, preservation and revival of rare and languishing crafts, financial assistance for institutions to be established under state initiatives, including design centres, design banks and museums
- **Human Resource Development scheme:** It involves the introduction of craft training programmes in design, technology, marketing and management through recognised institutions and universities

Challenges in skill supply and development

- Engineering graduates who join the IT and ITeS sector lack basic knowledge and skills of information technology, programming etc.
- Companies invest significant time and effort to equip fresh graduates with necessary skill set. The existing curricula do not impart the skills that can make students employable.
- The technical nature of job(s) requires practical/on-the-job training.
- Most of the people in this sector are self-employed, hence, this requires a more holistic approach that is not limited to just training but helping build an ecosystem where training is one of the aspects among others, such as developing markets, products and means of financing these enterprises to improve productivity. The formal education system, including research institutes, have not included teaching, training and skill development for the Handlooms sub-sector in their mainstream activities. As a result, the responsibility of introducing innovation in design and techniques is left to the initiative of the weaver families, who usually do not have resources to devote to this critical field.
- There is lack of proper infrastructure for training of weavers as well as of teaching modules on how to adopt technology for the betterment of their product.

Select recommendations & implications

Recommendation	Implications
Artisans need to be provided with market linkages and intelligence	▪ Artisans need to be provided with market linkages for them to earn a sustainable living from craft. Creating an ecosystem where artisans have ready access to raw material, working capital, customer knowledge, design capabilities and reliable sales channels alongside health and insurance benefits is necessary to revive the sector ▪ Even though artisans possess craft skills, they are unable to meet the needs of the modern-day consumer owing to the lack of design knowledge of contemporary craft products. Artisans need to be provided with market intelligence for them to produce market-relevant products
Making funds readily available and spreading awareness about schemes available	▪ Corporate houses are to be encouraged to take up development of artisanal communities and revival, preservation and promotion of crafts through adoption of a craft or a cluster as part of their CSR mandate. Further, Handlooms and Handicrafts are to be promoted for corporate gifting purposes ▪ Awareness about existing schemes need to be spread among artisans, so that they can benefit from those initiatives
A readily available platform has to be made available for the promotion of the products	▪ Khadi and Village Industries Commission and multinational companies Cottage Industries Exposition Limited can be utilised as a significant platform for marketing handlooms and handicrafts. Its penetration may be leveraged with products customised for prevailing market needs
Need to educate the artisans about raw materials and the products used and also how to market them	▪ Training and education on how to produce is essential but with what to produce is equally crucial. Hence, proper education regarding the use of materials used for production is necessary. Training institutions, government and self-help groups associated with the sector should help ensure that such knowledge is being imparted. ▪ An effective channel for artisans to gain an understanding of customers and market their products is exhibitions and fairs. Artisan-organised fashion shows should be part of training curriculum, which could teach them event management and marketing skills.
Need for innovation and experimentation	▪ To withstand competition from mechanized processes, differentiation in terms of design and intricacy are to be brought in by artisans through innovation, e.g., wooden block printers of Sanganer and Serampur adopted finer designs that screen printing (cheaper and less laborious) from Ahmedabad and other regions cannot replicate
Availability of proper infrastructure	▪ In order to improve productivity and bring in a higher level of consistency in products, development of more sophisticated tools and processes is to be carried out and made available to artisans, e.g., development of a tool to position bamboo at a convenient and stable angle for easy and consistent cutting has helped improve productivity of bamboo craftsmen in North East

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Abbreviations

AP	Andhra Pradesh
CAGR	Compounded Average Growth Rate
CFC	Common Facility Centres
CCI	Crafts Council of India
EPCH	Export Promotion Council for Handicrafts
EU	European Union
FY	Financial Year
FYP	Five Year Plan
GDP	Gross Domestic Product
GoI	Government of India
IAS	Implementing Agencies
IHCDS	Integrated Handlooms Cluster Development Scheme
IHDS	Integrated Handlooms Development Scheme
INR	Indian National Rupee
NGO	Non-governmental Organisation
NIC	National Industry Classification
NSDC	National Skill Development Corporation
NSQF	National Skills Qualification Framework
SSC	Sector Skill Council
UAE	United Arab Emirates
USD	United States Dollar
YoY	Year on Year

Context and approach

Context and Approach

Brief background	NSDC had conducted sector-wise skill gap studies for 19 high priority sectors in 2008–09 . ▪ KPMG has been engaged as a consultant to help evaluate the skill gap across 25 sectors and develop actionable recommendations for its stakeholders. ▪ Mandate includes sector and sub-sector level analysis, demand-supply projection, estimation of incremental man-power requirement between 2013-2017 and 2017-2022, identification of key-employment clusters, and SWOT analysis of each sector ▪ Study also aims to take qualitative insights from stakeholders on enablers and challenges for each sector, way forward in terms of specific policy level actionable recommendations,
Inclusions over the previous study	▪ Study led by industry – Sector Skill Councils and a panel of professionals from different sub-sectors were consulted for their inputs on industry trends, key takeaways in terms of skill requirement, qualitative insights to understand specific interventions required for each sector and to validate the quantitative results and recommendations ▪ 6 sectors were added to the list of NSDC priority sectors for studying the skill gaps Updated study also includes ▪ Identification of top 20 job-roles in each sector, case studies around good training practices, sub-sector level indicators and growth factors ▪ Study also includes understanding of existing training infrastructure, work-force characteristics and employment clusters, ▪ Macro economic factors, central and state governments policies and their envisaged impact ▪ Synchronisation of the sector wise demand from the district level skill gap studies ▪ Recommendations for key stakeholders - Industry, NSDC, Training organizations and Government ▪ Environment scans every year till 2015-16 including SWOT analysis for the sector

Industry Classification

Classification based on product and raw materials

A broad classification of the Handlooms, based on products and Handicrafts, based on raw materials used, are as follows:

Handlooms

Clothing	Saris, dress material, dhotis, shirts and trousers
Fashion accessories	Scarves, stoles, gloves, mitts, mittens and handkerchiefs
Made-ups	Bed linen, table linen, kitchen linen and upholstery
Floor coverings	Carpets, mats and matting

Handicrafts

Wood	Figurines, tabletops, wall hangings, kitchenware, office and home accessories
Stone	Furniture, tabletops, utensils, decorative items, home accessories
Metal	Furniture, figurines, utensils, jewellery , decorative items
Natural fibre	Mats, baskets, coasters, lighting, furniture and furnishings
Papier mache	Decorative items and home accessories
Glass	Jewellery, beads, vases, utilities, decorative items and home accessories
Cane and bamboo	Furniture, utilities, decorative items and home accessories
Clay/Ceramics	Tiles, figurines, utilities, garden accessories, other decorative items
Textile-based soft goods	Dolls, wall hangings, utilities, other decorative items

Sources: Export Promotion Councils of Handlooms and Handicrafts as on March 2014

Handlooms sub-sector

Overview of the Handlooms Industry

The Handlooms and Handicrafts segments in India are highly fragmented and unorganised. At the same time the sector gives India its distinct cultural identity and contributes considerably to economic activities in India. Dominant in the rural areas of the country Handlooms and Handicraft sectors are labour-intensive as the products are usually handmade made with or using simple handheld tools. The sector caters to several lifestyle and utility products, including house ware, decorative items, furniture, candles, incense sticks, fashion jewellery and accessories. Traditional skills and eco-friendly methods used for production add to the products' uniqueness. This sector largely comprises people who are self employed and have been in this profession for generations.

India is known for its innate cultural heritage and, thus, craft items like earthenware, pottery, woodwork, sculpting, shawls, scarves, textiles, embroidered and knitted goods, *zari* items and jewellery are in demand overseas. There is a growing realisation to customise designs according to the changing taste and needs of the customer both global and domestic. The sector exports its products to several countries.

The demand for Handlooms and Handicraft in India comes from three major segments – household sector, non-household sector (institutional, industrial and technical) and export sector, and all the three segments are growing. With more than 1.2 billion people living in over 330 million households, as per census 2011, the demand for Handlooms and Handicraft products in India is very large and growing at an increasing rate in tandem with the increase in disposable income of the people. A very high proportion of young and working population is a favourable factor in influencing the domestic demand.

Key highlights of Indian handloom sector:

- Handlooms sector contributes nearly 11 percent of the total cloth produced in the country and substantially contributes to the export income of the country
- India is the biggest producer of jute in the world in (1.67 million tonnes), second in silk production (23679 MT), second in cotton production (5.7 million tonnes) while fifth in synthetic fibre production during 2012–13
- India is the biggest exporter of yarn in the international market and has a share of 25 percent in the world yarn export market; along with a share of 12 percent in yarn and textile fibre production in the world
- India has the highest capacity of loom with a share of 61 percent in the world loom age
- The average cotton spinning cost in India is lower than all countries, including China
- India is a powerhouse of silk production; only China produces more silk annually, than India. India is also notable that it produces all four commercially used varieties of silk: mulberry, *tusser*, eri and *muga*; around 80 percent of silk produced is of the mulberry variety

However, the sectors are still highly unorganised, as a majority of production activities are conducted in the houses of the artisan/weaver. This affects their productivity owing to lack of economies of scale and the feasibility to adopt innovative techniques. Thus, the revival of the sector requires, movement to more organised production facilities, besides realignment to the market requirements. Also, without marketing and financial management skills, artisans cannot cater to the segment and earn a sustainable living from the craft. Handlooms and Handicrafts require relatively low capital investment, as raw material and labour are easily available in India. However, the government's support to this sector has not been sufficient as artisans across the country continue to face challenges in terms of raw-material availability at reasonable rates, the scale of economies, marketing and distribution, among others.

Sources: Indian Handicraft Industry – Incredible India; www.handlooms.nic.in; KPMG in India analysis

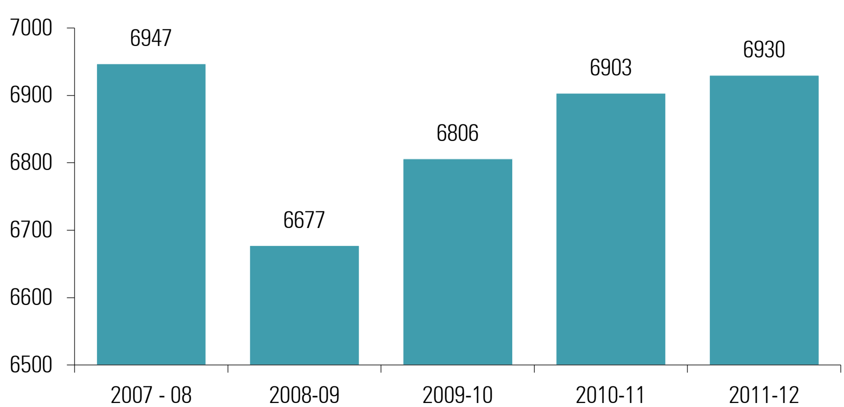
Introduction

The Handlooms sector represents the continuity of the age-old Indian heritage of hand weaving and reflects the socio-cultural tradition of weaving communities. Prior to imperialism and colonisation, all natural fabrics (silk, cotton and jute) were handwoven and *Khadi* was among the prevalent materials at that point of time. Subsequently, the mechanical system created ways for the faster completion of spinning and weaving. As a result, the government intervened and provided financial assistance to implement various developmental and welfare schemes for the sector. The strength of Handlooms lies in its distinctiveness, style, traditionalism and encouraging innovations. Handlooms has the advantage in the introducing innovative designs, which cannot be replicated easily by the power loom sector. Thus, Handlooms embraces the richness and diversity of our country and the artistry of the nation's weaving community.

The Handlooms sector is suffering from the high competition of power looms due to its very nature of being unorganised and dispersed. Also there is lack of education, adequate working capital, proper infrastructure; poor exposure to new technologies, lack of market intelligence, stiff competition and poor institutional framework.

India's Handlooms industry is best known for its use of fine textured fabrics, exclusively beautiful patterns, trendy outlook and sheer finesse in the product. Each and every state in India has the capability of innovative printing, weaving, embroidery and designing trends. Handlooms industry has made its presence in almost every product that can be thought off. From saris to suits, lehengas, skirts, stoles, shawls ,scarf's, jackets and many more.

Production of Handlooms (cloth production in million square meter) during 2007-12



Employment figures for Handlooms weavers have been taken from the Handlooms census (as of 2009–10) and the Planning Commission.

Further, the production of Handlooms (cloth) witnessed a decline during FY08–12 with a negative CAGR of 0.06 percent for the same period.

	2007-08	2008–09	2009–10	2010–11	2011–12
Employment (million persons)	3.47	3.47	4.33	4.33	4.33

Sources: Handlooms Census 2009–10; Planning Commission; Crafts Council of India; Primary interviews; KPMG in India analysis

Evolution of the Indian Handlooms sub sector

1953

Parliament passed the Khadi and Other Handlooms Development Act in 1953 with the aim of raising funds for the sector and organising weavers cooperatives.

1955

In 1955 a national-level apex body called the All India Handlooms Fabrics Marketing Cooperative Society was set up to facilitate marketing of fabrics made in Handlooms cooperatives.

1958

In 1958, the Handlooms and Handicrafts Export Corporation of India Ltd. was set up to promote Handlooms exports.

1983

In 1983, the National Handlooms Development Corporation was set up to serve as national level agency for the promotion and development of Handlooms sector. Out of 630 clusters sanctioned by the Government of India under Integrated Handlooms Cluster Development Scheme (IHCDS) and Integrated Handlooms Development Scheme (IHDS), the corporation has so far covered 330 clusters (up to March, 2013).

Sector Specific indicators (2011–12)	
Cloth production	6,930 (million square metres)
Growth rate of production (base 2009–10 to 2011-12)	0.9 percent CAGR
Exports (2011–12)	INR 26.24 crores
Growth rate of exports (2011–12 to 2012–13)	7 percent y-o-y
Employment (as per the third Handlooms census 2009–10)	4.33 million

Note: *The employment numbers have been sourced from the Handlooms Census (2009–10). However, Crafts Council of India (CCI) had earlier carried out a study which guesstimates the employment in Handlooms and Handicrafts to be around 200 million, which is about 18 times of the census estimates. Given the huge difference, CCI has convinced the Planning Commission to include artisans for enumeration in the sixth economic census. The results of this census are yet to be announced by the Central Statistical Organisation.*

Sources: Annual Report of Ministry of Textiles, Handlooms Export Promotion Council, KPMG in India analysis

Value Chain of the Handlooms sector

Raw Material Supplier	Design & Production	Distribution & Marketing Export
Independent craftsman	Weaver (in case of individual set up)	Craftsman/artisans at local *mela/haat*)
Master Weaver	Government set-up design banks	Government organization & cooperative societies
Cooperative society-subsidised raw material	Cooperative societies (group of Weavers)	Private trader and exporters
Private Limited Companies	Private Limited Companies	Handloom Export Promotion Councils

There are a series of methods followed from procurement to marketing. The first step is to get the raw material. Under the master weaver system, a master weaver purchases the raw products, hires workers, weavers and takes orders from customers. The master then has weavers working for him who often create the products. In this way, a master weaver can increase his livelihood by increased production and sales, while regular weavers can find employment when they cannot afford the initial costs of the entire chain of production

Currently, the master weaver system is in decline due to problems, such as rising prices, wages and falling prices for finished products. This means that many master weavers have had to scale back their businesses and employ fewer people or just work for themselves.

The cooperative system operates under the Cooperative Society Act of 1964. The purpose is to sell weavers good quality raw products at heavily subsidised (by the government) rates and then buying back the finished products at higher rates than private traders. It helps weavers in lowering their initial costs while receiving a good income from their products, often more than they would receive from a private trader. The product is then sold in a wider market, which could be at the state, national or even international level. Private traders play a vital role in sale of Handlooms as their work is more efficient compared to both cooperative and government agencies.

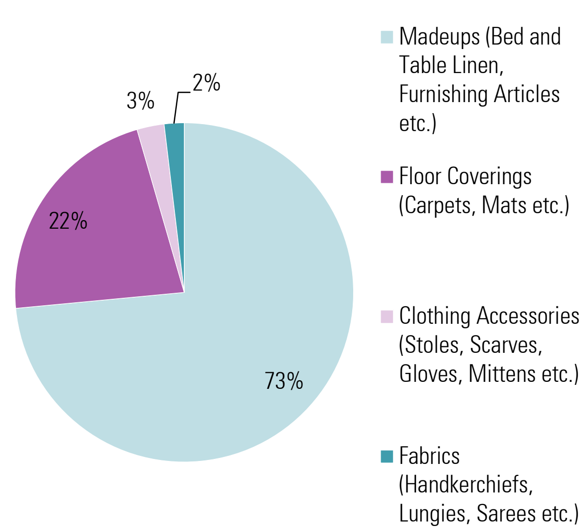
Handloom products show their presence in domestic market in trade fairs, exhibitions, state emporiums. Similarly Handlooms export promotion council helps Indian players to compete in the international market.

Sources: Primary interviews; KPMG in India analysis; Handloom subsector analysis report: Akshara network

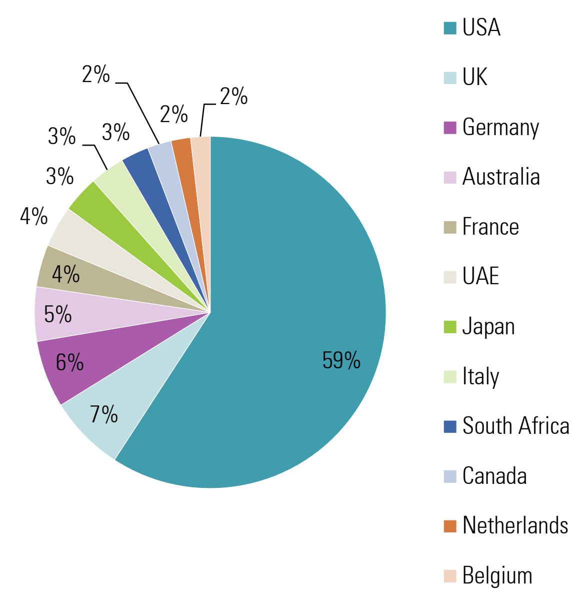
Export Scenario

- The structure of the sector is largely home-based with everybody in the family contributing to labour. India produces about 95 percent of the world's hand-woven textile
  - This sector contributes about 15 percent to the country's cloth production
  - The government expects that the export of Handlooms products is likely to register 30–35 percent growth during the current financial year despite the global economic slowdown.

Share of Handloom goods exported to other countries from India during 2012 -13



Country wise export share of Handlooms during 2012 - 13



- The export of Handlooms products recorded a growth of 7.16 percent in 2012–13 (INR28.12 billion) over 2011–12 (INR 26.24 billion). Though fabrics and made-ups categories have registered a decline of 33.77 percent and 3.08 percent, respectively, clothing accessories have witnessed significant growth of 104.12 percent followed by floor coverings with 64.40 percent growth during this period.

- The overall export of Handlooms products to continents during April 2012–March 2013 has witnessed positive growth of 7.16 percent over the corresponding period of April 2011–March 2012. However, due to slowdown in European union in 2012 export decreases in all sectors, including Handlooms products to European Union countries. It has decreased from INR 820.20 crores to INR 699.69 crores, showing a negative trend of 14.69 percent.

Sources: Handlooms Export Promotion Council ,The Indian Handlooms and Handicrafts Industry: Heritage Weaves; KPMG in India analysis

Concerns and Challenges

Though government policies and measures have yielded several benefits to Handlooms weavers and ancillary workers, the sub-sector continues to face several challenges and uncertainties.

Rising input costs

- Raw material for cotton costs are high due to high local prices and transport costs, especially for southern states that bring cotton from the west. The problem is far more acute for individual weavers due to lack of economies of scale. Also earlier weaving of handloom was done on cotton, but now other fibres are also used.

Sparse credit coverage and high cost

- Lack of financial literacy among weavers and operating outside the purview of institutional financing increase credit-related challenges for them. The dependence of units on the master weaver or trader is high, for provision of orders with raw-material, design and an advance on labour given by them.

Marketing bottlenecks

- Lack of innovation and difficult to adopt new patterns is prominent with the Handlooms sub-sector, specifically in the area of marketing.
- Lack of adequate investment and participation by private players can be considered critical factors impeding the growth of the sub-sector.
- Power looms have been selling their products as Handlooms fabric. Though Handlooms items were safeguarded by the Handlooms (Reservations of Articles for production) Act 1985, which says the term Handlooms means any loom other than power but still illegal activities of making using are effecting the Handlooms.
- The introduction of Handlooms mark aimed at promoting Handlooms products has failed to achieve its goal as the weavers have not benefited as expected.

Poor institutional management

- In Master Weaver Pattern of trade, the condition of majority of units are not better than job workers themselves. Master weaver employ labours on daily wage basis to run their units.

Poor policy dissemination

- Lack of amount of information available to weavers regarding various government policies and schemes acts as a critical factor for diminishing revenues.
- Major institutions providing input — credit, research, technology, management and market development — are centralised and, hence, unable to reach the dispersed home-based weavers.
- Most schemes, which can target specific problems of small players, are replaced by those that require 'big' implementers with access and influence.

Sources: Report of the Steering Committee on Handlooms and Handicrafts Constituted for the Twelfth Five Year Plan (2012–2017)

Concerns and Challenges

Infrastructure gaps	▪ Infrastructure facilities in the Handlooms sub-sector are inadequate, specifically in the north-eastern region. Facilities, such as outdated Handlooms machinery, unavailability of raw materials and electricity pose big challenges for clusters for Handlooms production.
Database crunch	▪ Inadequate database on the Handlooms sub-sector serves as a major drawback for formation of policy and review. The sector has seen only three census so far (1987–88,1995–96 and 2009–10). ▪ Absence of data hinders inter-sectoral comparison with related departments.
Education, skills, research and training	▪ The formal education system, including research institutes, have not included teaching, training and skill development for the Handlooms sub-sector in their mainstream activities. As a result, the responsibility of introducing innovation in design and techniques is left to the initiative of the weaver families, who usually do not have resources to devote to this critical field. ▪ There is lack of proper infrastructure for training of weavers as well as of teaching modules on how to adopt technology for the betterment of their product.
State and central government coordination	▪ Handlooms is a state subject so the primary responsibility lies ~~is~~ with the states, but Government of India has been supplementing the efforts of the states with its policy of promoting and encouraging the sector through a number of policies, programme and financial assistance. Due to lack of coordination and proper vigilance, the schemes are ineffective at grass root level.

Sources: Report of the Steering Committee on Handlooms and Handicrafts Constituted for the Twelfth Five Year Plan (2012–2017)

Demographic Characteristics

The first census of Handlooms workers was conducted at the national level in 1987–88, second in 1995, and third in 2009–10.

Urban-rural

- Handloom is predominantly a rural phenomenon with a significantly high number of Handlooms households located in these regions.
- Rural areas have about 87 percent of weaver households and urban areas have the remaining 13 percent. In terms of number of workers, it is 84 percent in rural areas and 16 percent in urban areas

Geographical clusters

- Geographically, workforce distribution is highly concentrated with 60.5 percent(16.83 lakhs) of Handlooms/weaver households located in northeast India. Assam alone accounts for 44.6 percent(12,41 lakhs).Other states, such as West Bengal, consist of 4.07 lakhs(14.6 percent), Andhra Pradesh consists of 1.77 lakh(6.4 percent)
- Location of loom, rural: 20.66 lakhs (86.9 percent),urban: 3.11 lakhs (13.1 percent)

Composition of workforce

- Composition of workforce, that is indirectly related in the overall employment has considerable urban-rural variations.
- While the share of Handlooms weavers in rural areas is high (78 percent), urban areas have higher composition of allied workers (37 percent) than the rural ones (22 percent).

Gender composition

- The sub-sector has a major proportion of women workers (29.98 lakhs i.e. 78 percent of overall) as laborious pre-loom and post-loom activities are traditionally attended to by women.
- This ratio falls to 58 percent in urban areas while rural areas have women workforce of about 82 percent.

Education levels

- A majority of Handlooms workers have never received any form of education (rural 32 percent and urban 29 percent).
- Weaving skills are traditionally inherited from community-based learning, indicating the limited need for educational qualification as a criterion to pursue such activities.

Age-wise distribution

- A large number of Handlooms workers are in the age group of 18–35 years, with a majority of them from rural areas, 38.47 lakh ,88.8 percent of the total workforce are adult Handlooms workers (aged 18 and above).

Sources: Handlooms Census 2009–10; KPMG in India analysis

Handloom Sub-Sector

Select major Clusters

Northern region	Jammu and Kashmir	▪ **Pashmina weaving:** The weaving of the Pashmina yarn is complex and this domain is dominated by men. – *Production cluster include:* Srinagar district of Kashmir – *Products include:* shawls and stoles
	Uttar Pradesh	▪ **Brocade, Jangla, Tanchoi, Vaskat, Cutwork, Tissue and Butidar:** Brocade is a textile in which pattern is created in weaving by transfixing or thrusting the pattern thread between the warp – *Production cluster include:* Badi Bazar, Alaypura, Pilikothi , Ramnagar, Kotwa, Lohta in North Varanasi and Madanpura in South Varanasi – *Products include:* Sarees, ress material, stoles, scarves, mufflers and home furnishing items.
	Haryana, Punjab Rajasthan	▪ **Panja weaving:** This is generally practised by women by making use of a tool called panja. – *Production clusters include:* Panipat (Haryana), Punjab, Bhavani (Karnataka), Navalgund (Andhra Pradesh), Warangal, Jaisalmer and Barmer in Rajasthan – *Products include:* cushions and throws, floor spreads and bags
		▪ **Bandhej and Lehariya:** This is made from a style of dyeing. Lehariya, which is characterised by colourful zigzag patterns, imitates wave. – *Production clusters:* Jaipur, Jodhpur, Alwar, Ajmer – *Products include: odhna, chunari, dupatta, saafa, sari* ▪ **Kota doria:** This is a hand-woven fabric characterised by a square check pattern. – *Production clusters include:* Kaithun (Kota), Mangrol (Bundi), Siswali (Baran) and in southeast Rajasthan – *Products include:* saris, dupattas, salwar kurta and *lehangas*
North-eastern region	Assam	▪ **Sualkuchi:** Sualkuchi silk is produced using traditional bamboo looms. – *Production clusters include:* Sualkuchi in Guwahati, Assam – *Products include:* mekhala and saris
	Mizoram	▪ **Mizo puan weaving:** Traditional puans and their variations are produced on frame looms and zo (looms of Burmese origin) multi-treadle looms. – *Production clusters include:* Thenzawl (Serchhip), Aizawl – *Products include:* puans (wrap skirts)
	Nagaland	▪ **Loin loom weaving:** This is done by making use of the loin loom – *Production clusters include:* Dimapur, Kohima, Samgiram village and Ntu village (Peran) – *Products include:* body cloth, wrap skirts and shawls

Sources: Government sources; All India Artisans and Craft workers Welfare Association website; Press articles; KPMG in India analysis

Handloom Sub-Sector
Select major Clusters

Eastern region	Odisha	▪ **Sambalpuri weave:** This is practised in Sambhalpuri, making use of three kinds of ikat. – *Production clusters include:* Gujarat, Andhra Pradesh and Sambhalpur, Bolangir, Kalahandi, Phulbani, Maniabandha, Nuapatna area of Cuttack district in Odisha – *Products include:* saris
		▪ **Koraput weave:** The tribal weave of Kotpad village in the Koraput district in Odisha is traditionally woven in heavy cotton on pit looms. – Weavers use a three-shuttle interlock patterning, which allows for innumerable combinations in scale and volume – *Products include:* saris and other contemporary products
	West Bengal	▪ **Carpet weaving:** Carpets are made on looms using the double-knot technique. – *Production clusters include:* Darjeeling and Tibetan Refugee Centre – *Products include:* carpets
Southern region	Kerala	▪ **Coir work:** Coir craft developed on the basis of utility to meet the daily requirements of local people – *Production clusters include:* Chertala in Alappuzha district – *Products include:* mattresses, coasters, wall hangings, carpets, decorative products ▪ **Dhurrie weaving:** Dhurrie weaving is an established practice in Warangal with a large population of skilled weavers and facilities for dyeing. – *Production clusters include:* Warangal and Kothawada – *Products include:* prayer rugs, strips dhurrie, patterned dhurrie, ikat dhurrie and block printed dhurrie
	Andhra Pradesh	▪ **Pochampalli:** Pochampalli weave is popularly known as tie-and-dye weave. – *Production clusters include:* Pochampally in the Nalgonda district of Andhra Pradesh – *Products include:* saris
		▪ **Mangalagiri:** Mangalgiri Handloomss are known for the durability of colors used in the yarn. – *Production cluster includes:* Mangalgiri – *Products include:* saris and suits (Andhra Pradesh with 6.4 percent Handlooms households is also a sari producing state; 44.16 percent of all Handlooms households are engaged in this.)

Sources: Government sources; All India Artisans and Craft workers Welfare Association website; Press articles; KPMG in India analysis

Select major Clusters

Western region	Gujarat	▪ **Patola weaving:** Patola is woven using selectively dyed warp and weft threads. – *Production clusters includes:* Patan – *Products include:* sari, scarves and borders
		▪ **Mashru weaving:** Mashru refers to a fabric woven with a silk warp and cotton weft textile. – *Production clusters includes:* Patan – *Products include:* stripes, khajuria, kankani, danedar, khanjari
	Maharashtra	▪ **Paithani:** Paithani pallu is weaved by using drawing paper and taking out each colour thread by hand. – *Production clusters include:* Yeola and Paithan – *Products include:* saris
Central region	Chattisgarh	▪ **Pata weaving:** Pata is a heavy, thick, unbleached and hand-spun cotton sari weaved by Paenka, the non-tribal weaving community. – *Production clusters include:* Tokapal, Nagarnar and Jagdalpur in the Bastar district – *Products include:* sari, men's shawl, shoulder cloth and towels
	Madhya Pradesh	▪ **Maheshwari weaving:** Maheshwari weaving is practised in Maheshwar, small town in Madhya Pradesh – *Products include:* saris, suits and home decoratives
		▪ **Chanderi weaving:** The artisan community involved in chanderi weaving is majorly dominated by the Kohlis and the Muslim Julaha communities. The distinctive feature about the fabric is that the thread never loses it shape or appearance. – *Production clusters includes:* Chanderi in Madhya Pradesh – *Products include:* saris, suits, dupattas, scarves and house decoratives

Sources: Government sources; All India Artisans and Craft workers Welfare Association website; Press articles; KPMG in India analysis

SWOT Analysis

Strengths	▪ Strong and diverse raw material base, which include cotton, jute, silk, wool etc are readily available. ▪ High competitiveness in the cotton sector since India is the second-largest producer of cotton in the world. ▪ Availability of trained manpower in management and technical spheres at a competitive rate. ▪ Strong presence in the textile value chain from raw material to finished goods. ▪ Diverse design and strong entrepreneurial base helped the Handlooms sector. ▪ Leverage the ability of the rural population to produce products using locally available resources; this creates employment in villages hence preventing unwanted migration towards cities.
Weaknesses	▪ Large fragmentation in the sector structure. ▪ Technological constraints, especially in weaving, processing and garmenting segments leads to low productivity ▪ Existence of huge skill deficit in the workforce. ▪ Scale disadvantages in comparison with global competitors. ▪ Following outdated weaving technology, producing poor design.. ▪ Infrastructure bottlenecks, such as transportation and electricity; lacks adequate support from the government ▪ The sector does not incite aspiration among the youth and is left unconsidered. This hinders the dissemination of skills from one generation to another, which was traditionally followed. ▪ There is no ecosystem to procure raw material, production and marketing, which in turn hampers the revenue.
Opportunities	▪ Handlooms exports of India are expected to increase by 30–35 percent by 2014. Due to its attractiveness in design and quality, demand for Indian Handloom products is increasing globally. The government has undertaken several initiatives to provide impetus to the Handlooms sub-sector. Programmes, such as the setting up of common facility centers (CFC), Handlooms export promotion council and cluster development programmes have been initiated to assist Handlooms cooperative societies and corporations in developing export-worthy products. ▪ Increase in the disposable income and purchasing power of Indian customers. ▪ Large potential of domestic and international markets. ▪ Domestic market of India that seems sufficient to accommodate the future increase in production due to the increase in disposable income of the middle-class.
Threats	▪ The sector is suffering shortage of skilled workers. The new generation of skilled workers is not interested in learning the art of Handloom. ▪ The slow pace of development of infrastructure facilities and unavailability of power has been a critical issue. ▪ Due to strict international standards, such as ban on child labor, export gets affected. ▪ Neighboring countries provide stiff competition with competitive pricing and labor rates. ▪ Recession in world economy affect exports, especially EU slowdown has slowed down the import of handloom products ▪ Financial health of cooperatives is declining. ▪ Stiff competition from the power loom sector also poses threat to the industry.

Source: KPMG in India analysis

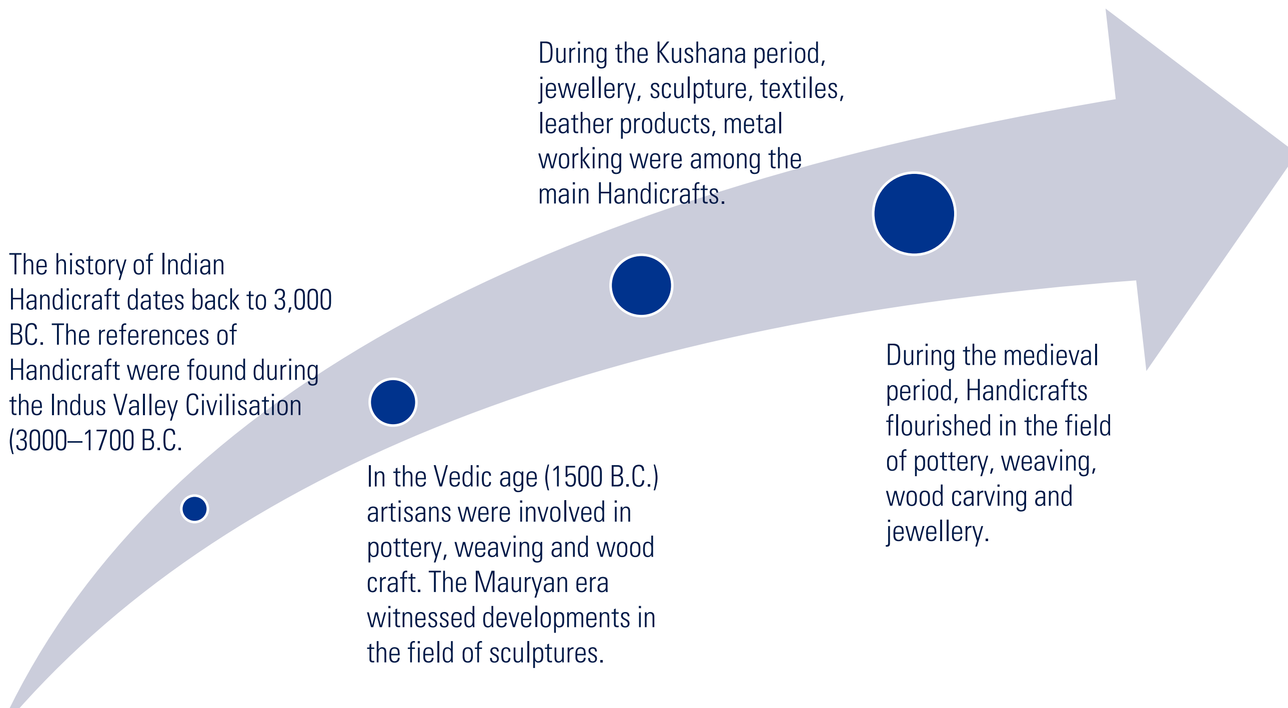
Handicrafts sub-sector

Handicrafts Sub-Sector

Introduction

The story of Indian Handicrafts dates back to one of the oldest civilisations of the world. Indian Handicrafts represents beauty, dignity, form and style. In the 1970's, the government initiated the preservation of crafts, skill upgrade, and the challenges the sector was facing, However the focus shifted to export in the later decades. It plays a significant role in the country's economy and provides employment to more than 7.3 million people; mostly from rural and semi-urban areas. Based on historical trends, the Handicrafts sector is expected to grow by 16 percent during 2013–17 and by another 16 percent during 2017–22

Evolution of the Indian Handicrafts sub-sector:



Sector Specific Indicators (2011–12)	
Production	INR 302.57 billion
Growth rate of production (base 2008–09)	16 percent CAGR
Exports	INR168.51 billion
Growth rate of exports (base 2008–09)	15 percent CAGR
Employment (estimated)	7.2 million

Note: *The employment numbers have been sourced from the Planning Commission estimate (based on the ongoing Handicrafts census estimate). However, Crafts Council of India (CCI) had earlier carried out a study which guesstimates the employment in Handlooms and Handicrafts to be around 200 million, which is about 18 times of the census estimates. Given the huge difference, CCI has convinced the Planning Commission to include artisans for enumeration in the sixth economic census. The results of this census are yet to be announced by the Central Statistical Organisation.*

Sources: Handlooms census 2009–10; Planning Commission; Crafts Council of India; craft economics and impact study, KPMG in India analysis

Value Chain of Handicrafts

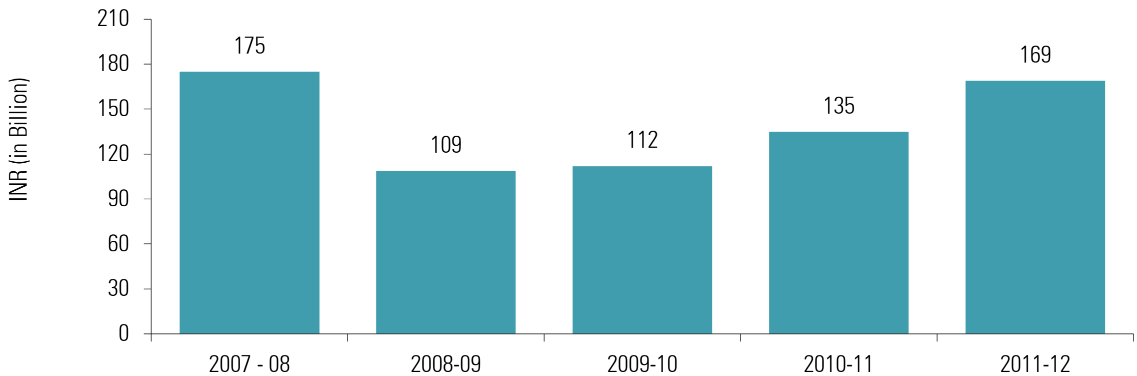
Raw material supplier	Design and production	Distribution and marketing export
Independent craftsman (from forest)	Craftsman (in case of individual set up)	Craftsman/artisans at local mela / haat
Government/Cooperative societies	Dedicated designing and production team	Government organisation and cooperative society
Producer companies	Cooperative societies	Private trader and exporters
Private Limited companies	Private Limited companies	Trade fair, exhibitions like HHEC

- Traditionally, raw materials used by artisans were readily available due to the close links between evolution of crafts and locally available materials. Also, the barter system sufficed and supported the supply of goods and services. However, as man-made material, such as plastic, increased its presence, the traditional structure started breaking down. Consequently, the government started helping by providing the raw material through Babasaheb Ambedker Hastshilp Vikas Yojna (AHVY).
- Handicrafts sector is a labour-intensive and decentralised, so Handicrafts business are supported by their families for processing and other activities, including casting, buffing, colouring and polishing. In large setup dedicated designing and production teams co-exist, e.g., Asian Handicrafts Pvt. Ltd.
- In some areas, group of craftsman/artisans come together to attain economies of scale and optimum production levels.
- Another mode of producing Handicrafts is through a factory set up where a master craftsman conducts the activities of procurement, deploys a design team and enables distribution and marketing.
- Artisans generally sell their product at local melas/haats. Also, the state Handlooms emporiums provide opportunities of having a market. Trade fair, exhibitions by Handlooms and Handicraft exports corporation Ltd.(HHEC) and tourism events — 'RannUtsav' — by Gujarat government play significant role in promotion of Handicraft of rural artisans of Kutch district.
- Private traders and exporters provide impetus to Handicraft sector and help increase the presence world over. Private players can directly tie up with craftsman and work for their mutual benefits.

Sources: KPMG in India analysis

Handicrafts Sub-Sector
Export Scenario

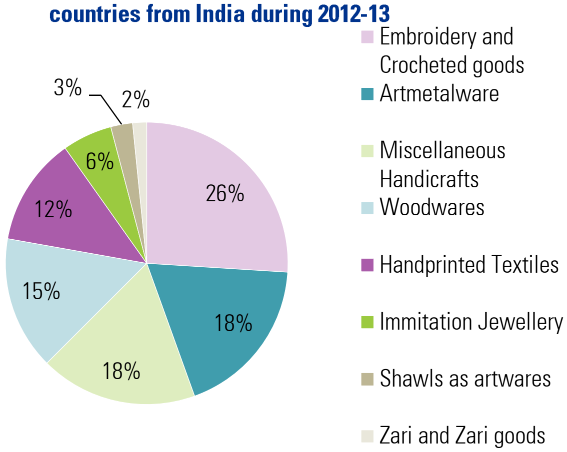
Export of Handicrafts from India (2008-13)



Source: Export Promotion Council of Handicrafts

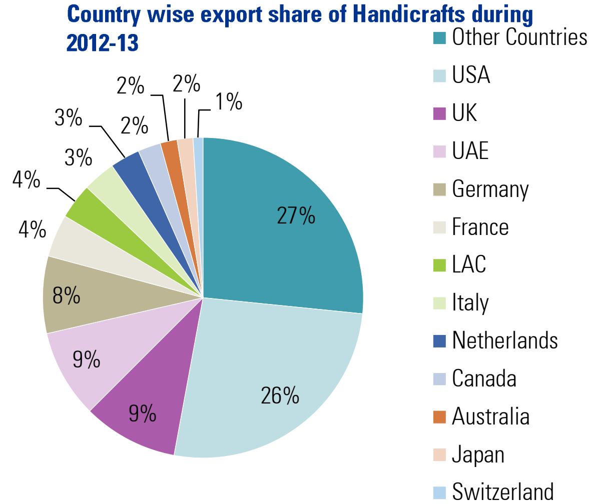
- Besides being employment-friendly, the Handicraft sub-sector requires low capital investment, delivers high ratio of value addition and has significant export potential
- The government has also been encouraging the development of various e-marketing platforms on the lines set up by the Central Cottage Industries Corporation and the Handicrafts and Handlooms Export Corporation

Share of Handicraft goods exported to other countries from India during 2012-13



Note: The above figures do not include hand knotted carpets

Country wise export share of Handicrafts during 2012-13



- American and European markets account for over 50 percent of the country's total Handicraft exports
- Some major Handicrafts' hubs in India serving global markets include Moradabad, Jaipur, Saharanpur and Jodhpur
- The Export Promotion Council for Handicrafts (EPCH) acts as an enabler for signing several MoUs with other countries for promoting exports

Concerns and Challenges

Handicrafts census	▪ Lack of adequate and authentic data on crafts persons, including their socio-economic status, livelihood conditions and details of families, is a major bottleneck that affects planning and policy-making for the sub-sector
Credit and raw materials	▪ Most artisans are from economically disadvantaged sections with limited access to capital, which leads them to local moneylenders. Similarly, raw materials are sourced locally and ensuring high quality of raw materials remains an issue, which results in poor returns.
Infrastructure and technological gaps	▪ The availability of infrastructure required by the Handicrafts sub-sector has been less than satisfactory, leading to a loss of competitiveness. The situation has further risen due to the lack of advanced technologies, as old methods of production lead to inefficiency.
Technical resource gaps	▪ The sub-sector is captivated by several technical resource gaps, such as the lack of direct linkages between Handicraft producers and designers and comprehensive data on equipment, market and retailers linkages ▪ Artisans lack adequate knowledge on the practical applications of crafts
Regional imbalances	▪ Widespread regional imbalances exist throughout the country with visible gaps in production and sales. The disparity is evident from the fact that the north-eastern states majorly contribute to export while other regions contribute only marginally to export.
Programmatic inefficiencies	▪ The Handicraft sub-sector is dominated by several programmatic inefficiencies, such as eligibility criteria, financial aspects and fund release patterns. There is a need for evaluating and reviewing such inefficiencies
Limited role of private enterprise	▪ Implementation of project interventions is limited by the capacity of NGOs/ implementing agencies (IAS) ▪ Such agencies are marred by limited linkages with the markets and limited capacity to sustain operations once the funding has stopped

Sources: Report of the Steering Committee on Handlooms and Handicrafts Constituted for the 12th Five Year Plan (2012–2017)

Concerns and Challenges

Economies of scale

- Due to inherent fragmentation of the sub-sector, the benefits arising from economies of scale are absent, which hampers the ability of artisans to buy quality raw material at reasonable prices

Fair price practice

- Fair trade ensures fair prices and better working conditions for the producers in addition to~~,~~ environmental sustainability of production processes. There is no awareness among artisans and customers, alike, of the benefits of and promoting usage of eco-friendly products and processes

Household sector

- The Handicrafts sub-sector is recognised as the second-largest sector of rural employment after agriculture.
- The activities are predominantly conducted in the organised household sector.

Geographical clusters

- Main clusters for the Handicraft sub-sector are located in Arunachal Pradesh, Assam, Mizoram, Manipur, Meghalaya, Tripura, Delhi, Rajasthan, Jammu and Kashmir, Bihar, Jharkhand, West Bengal, Andhra Pradesh, Tamil Nadu, Kerala, Gujarat, Madhya Pradesh, Uttar Pradesh and Maharashtra.

Composition of workforce

- Out of the total crafts persons/workers, 24.16 percent are from the scheduled castes, 4.18 percent from the scheduled tribes, 47.4 percent are women and 22.9 percent belong to minority groups.
- The Handicraft sub-sector largely comprises women workers and artisans from the weaker sections of the society.
- The level of education among workers is significantly low, leading to poor marketing skills and low standard of living.
- The sub-sector largely comprises women workers, out of which 71 percent are illiterate.

Sources: Planning Commission; KPMG in India analysis

Handicrafts Sub-Sector

Select major clusters

There are thousands of clusters in India, which represents the socio-economic heritage of the country. To develop a better understanding of their products, here we have divided the country in to five major regions and highlighted some of the major clusters from every region.

Northern region	Delhi	▪ **Naqquashi (engraving):** Engraving is done on metal sheets, mostly brass – *Production clusters include*: Gali Dhobiyan Bazaar and Delhi Gate – *Products include:* decoratives, utensils, surahi and hookah
	Uttar Pradesh	▪ **Glass work**: Traditional bangles and newer products, such as glass toys are made from blowing technique – *Production clusters include*: Firozabad – *Products include*: blown glass and bangle, beads, toys ▪ **Chikankari embroidery**: Subtle form of embroidery in which stitches do not appear at the back – *Production clusters include*: Lucknow (Chauk and Daliganj), Barabanki
	Rajasthan	▪ **Meenakari and kundan:** Meenakari or enameling is the art of decorating a metal surface by fusing mineral substances to it – Kundan is the art of placing diamonds over layers of gold foil set within gold or silver framework – *Production clusters include:* Bikaner — old city and Sunaron ki Guwar, Jaipur – *Products include:* jewelry and decoratives
		▪ **Dabu printing:** This art is practised by the Chhippa community of traditional printers – *Production clusters include:* Pipad and Salawas in the Jodhpur district, and Pali – *Products include:* bed sheets, veils, skirts and mattress covers
	Jammu and Kashmir	▪ **Papier-mâché (kari kalamdani/kar-i-munaksh):** It refers to the art of making an object from mashed and molded paper pulp – *Production clusters include:* Badgam, Anantnag, Kupwara, Baramula, Pulwama and Srinagar districts – *Products include:* boxes, toys, jewelry boxes, lamps, pens cases, wall decoration, powder containers, mirror cases, Christmas decorations, flower vases, kettles, trays, plates and samovar (fluted kettle)

Sources: Government sources; All India Artisans and Craft workers Welfare Association website; KPMG in India analysis

Handicrafts Sub-Sector

Select major clusters

Eastern region	Bihar	▪ **Madhubani (papier-mâché):** The artwork is found only in the Madhubani district of Bihar and practised by the Kayastha caste of Salempur – *Products include:* wall hangings, masks, flower vase, photo frames, pendants, earrings, necklaces as well as other household utility products
		▪ **Khatwa appliqué work:** The appliqué and patchwork of Bihar is locally called khatwa and uses waste pieces of cloth as raw material – *Products include:* saris, duppattas, cushion covers, table clothes, curtains and other domestic utilities and decoratives
	Jharkhand	▪ **Black terracotta:** Black and red terracotta products are produced chiefly in the Dumka and Nonigaon districts of Jharkhand – *Products include:* flower pots, lamps, candle stands, jewelry and toys
	West Bengal	▪ **Hill painting:** It is essentially done on black polyester cloth with watercolors and is practised in the district of Darjeeling – *Products include:* paintings, decorative and home utilities
Southern region	Andhra Pradesh	▪ **Bidri:** Bidri is a specialised and refined technique done using complicated sequences of inlay and enameling – *Production clusters include~~s~~:* Hyderabad,Nampally – *Products include:* box, flower vase, key chains, Hookah
		▪ **Nirmal painting:** This art form derives its name from a town named Nirmal in the Adilabad district, where it is mostly available – Usually scenes from Hindu epics, such as the Ramayana, the Mahabharata and other historical and mythological stories are depicted in these paintings – The colors and dyes applied in these paintings are natural products made from gums, minerals and herbs
	Kerala	▪ **Bronze casting:** – *Production clusters include:* Nadavaramba, Kadavallur, Kunnamkulam for lamps, Kannur district — Payyanur, Korom Kasaragod district: Kasaragod, Mannapra — Kannambra – *Products include:* lamps, idols of God
	Tamil Nadu	▪ **Thanjavur glass painting:** Thanjavur glass paintings denotes a distinctive style and technique that has its origins in the gold leaf and gesso technique done on wood – *Production clusters include:* Chennai and Thanjavur – *Products include:* glass paintings on secular and religious themes

Sources: Government sources; All India Artisans and Craft workers Welfare Association website; KPMG in India analysis

Handicrafts Sub-Sector

Select major clusters

Central region	Madhya Pradesh	▪ **Painted clay relief**: The women from the Rajwar community in Surguja district and the farming community of Bihar, Chhattisgarh and Madhya Pradesh paint walls, doorways and wall skirtings of their houses and items of daily use, such as shelves, with lipan done in unfired clay and cow dung during Chherta, the post-harvest festival – *Production clusters include*: Puhphutara and Sirkotanga – *Products include*: dodhki (grain storage bin), patani (shelving system), screens, wall murals, doorways and jars ▪ **Iron craft**: The ironsmiths, or lohars, of the Kondagaon village in Bastar have been engaged in iron craft for generations – *Products include*: sankal (chain), badgi (staff), sikara (barbed chain), kanta, chitkuli (musical instrument), gujari (wrist ornament), chhuri (knife) and kuchari (axe); weapons carried by deities, oil lamps and decoratives.
Western region	Gujarat	▪ **Ajrakh printing**: Printing is patterned in 'royal' colours, such as crimson and indigo blue – *Production clusters include*: Kutch (Gujarat), Barmer and Jodhpur (Rajasthan) ▪ **Kachchi embroidery**: The embroidery is still done ~~with~~ by hands with the help of threads, small mirrors (aabhala) needles and pearls – *Products include*: decorative, garments, bags and bedspreads
	Maharashtra	▪ **Kolhapuri chappals (leather footwear)**: Kolhapur chappals are flat, intricately patterned, handcrafted leather footwear traditionally made in Kolhapur *Production clusters include*: Kolhapur district: Kolhapur, Rajgarh Kurudwad, Sangli district: Miraj, Jath, Kavathe Mahankal – *Products include*: footwear, purses, bags, wallets, saris
North-eastern region	Arunachal Pradesh, Assam, Mizoram, Manipur, Meghalaya, Tripura	▪ **Cane and bamboo:** Traditional cane and bamboo product are mainly available in the districts of East Kameng. Papumpare, Changlang, Upper and Lower Subansiri, East and West Siang, Lohit and Dibang Valley – *Products include:* cane chair, cane table, cane racks, cane cradle, cane murrah and designer cane tray
	Assam	▪ **Eri silk:** Eri silk is made by silkworms called Samia cynthia ricini, which feed on leaves of castor oil plant – 98 percent of India's eri silk is produced in Assam and the north-east region on the whole – *Products include:* saris/mekhela chadar/fashion accessories (stoles) as well as home furnishing

Source: Government sources; All India Artisans and Craft workers Welfare Association website; KPMG in India analysis

Handicrafts Sub-Sector
SWOT Analysis

Strengths	▪ Availability of abundant and cheap labour, low capital investment and high value addition ratio gives the sector edge over others countries. ▪ India has a strong and diverse raw material base, as one of the world top most producers of cotton, jute, silk and wool. Increased emphasis on product development and design upgrade by help of various government institution. ▪ Indian Handicraft has aesthetic and functional advantages which compared to competitors. Unique variety of products, willingness of exporters to handle small orders. ▪ Growing Indian middle class created large diversified and potential market for the sector. ▪ Government promoting with help of large corporation by encouraging them to use Handicraft as gift items.
Weaknesses	▪ Low wage structure, monotonous work ,poor working conditions, poor infrastructure and prevalent health and safety concerns are some of the drawbacks of the sector. ▪ While being predominantly unorganised and informal it is also highly labour-intensive with low mechanisation, which act as roadblocks to the growth of the sector. ▪ The sector suffers from seasonal demand of products for example, most sales take place during festive seasons. ▪ Lack of communication linkages with demand side (retailers) and heavy dependence on traders for marketing are some of the other problems the sector suffers from.
Opportunities	▪ The domestic market looks promising due to high GDP growth and per capita income, which results in high disposable income. ▪ Free trade agreement (FTA) and emerging markets in Latin American countries will help increase exports. ▪ Technological advancement means now it is easier to check prices and design of items and it makes it easier for both the seller and buyer, subsequently leading to an increase in demand and effectiveness of work. ▪ High spending by government will help boost export in the sector. Increase in flow of tourists will also provide market for Handicrafts. ▪ Growing demand for environmental-friendly products from the developed countries will be helpful in getting premium prices.
Threats	▪ The sector is going to face stiff competition from neighbouring nations, such as Sri Lanka and Bangladesh. Competitors like China are able to get advantage due to economy of scale, and have more effective value chain. ▪ Slow down in EU hits hard as it is one of the major buyers of handloom products. ▪ Lack of basic infrastructure — road and shortage of power — makes things more complicated. ▪ Stricter international standards are makes export difficult. ▪ High cost of raw material due to inflation as well as improper management is likely to mean these sector will face severe competition from power loom sector due to its high production rate along with low cost advantages ▪ It is difficult to adapt to the rapidly changing customer tastes and needs. ▪ Due to these problems, most handlooms weavers do not encourage their next generation to work in the sector.

Source: KPMG in India Analysis

Handlooms and Handicrafts-government initiatives

Handlooms and Handicrafts – Government Initiatives and impacts

Government initiatives to boost exports

- India's Handlooms exports is expected to increase by 30–35 percent by 2014 due to various initiatives being undertaken by the government for the development of this sector
- The government is providing financial assistance to organisations for participation in international fairs and exhibitions and buyer/seller meets, and conducting market studies abroad
- All these initiatives are expected to contribute significantly towards increasing the share of exports

Development of e-marketing platforms

- The Government of India is providing impetus for the development of various e-marketing platforms as per the standards established by the Central Cottage Industries Corporation and the Handicrafts and Handlooms Export Corporation
- Craftsvilla.com, an e-commerce company, is providing a platform for Handlooms and Handicraft manufacturers in the country to sell their products online. All these initiatives would help in improving the future growth rate of the sector

MoU between India and China

- India and China have signed a memorandum of understanding (MoU) for the promotion of Indian Handicrafts exports
- The MoU would emphasise on the promotion of exports of products, such as ethnic and contemporary furniture, wooden Handicrafts, including furniture from Jodhpur and Saharanpur, imitation and fashion jewellery and art metal ware from Moradabad

Increase in exports

- Export of Handlooms products during FY13 reached USD 554 million from USD 365 million, registering a growth of 52 percent over the previous year
- The US, Germany, UK, France, and Italy are among the major importers of Indian Handlooms products. The US accounts for 59 percent of total exports of Indian Handlooms products.
- Handicrafts exports has registered a 22 percent growth, growing from USD 2.7 billion in FY12 to USD 3.3 billion in FY13
- Indian Handicrafts are exported across geographies with top 10 markets being the US, UK, UAE, Germany, France, Latin American countries, Italy , Netherlands, Canada and Australia.
- US alone accounted for approximately 26 percent of the total Handicrafts exports in 2012–13, followed by EU countries that accounted for 25 percent approximately.
- The export demand is expected to grow further in FY14 due to increasing demand in the markets of the US, China, Russia and Latin America

Sources: Report on The Indian Handlooms and Handicrafts Industry: Heritage Weaves; Report on Tex trends India 2012; KPMG in India analysis

Handlooms and Handicrafts – Government Initiatives and impacts

Building an ecosystem around artisans, supporting them in the areas of customer awareness, design knowledge, quality standards, financing and market linkage, act as an important enablers for the sector.

Extensive support from the government

- The government's role extends to a range of activities, such as price support, incentives for investments in upgrading technology, developing mega clusters for Handlooms and Handicrafts, implementing welfare schemes for Handlooms weavers and artisans and promoting skill development of workers in collaboration with the sector.
- The government is also providing several incentives for exporting Handlooms and Handicraft products.
- To uplift the living and working conditions and provide social security and health insurance to Handlooms weavers and Handicraft artisans, the government is rigorously implementing various programmes — Rajiv Gandhi Shilpi Swasthya Yojana — which aim to financially enable the artisans' community to access healthcare facilities in the country; Mahatma Gandhi Bunker Bima Yojana — which provides life insurance cover to handlooms weavers in case of natural death or accidental death, total or partial disability due to accident.

Cluster development programme

- To reap the benefits of economies of scale and transform small and disintegrated units into viable entities, the government has initiated various cluster development programmes, such as Comprehensive Handlooms Cluster Development Scheme to develop mega Handlooms clusters that are located in clearly identifiable geographical locations and specialise in specific products. Besides, form close linkages and inter-dependents amongst the key players in the cluster by improving the infrastructure facilities.
- To make small units sustainable and facilitate the growth of independent business units, common facility centres (CFC) have been established. CFC is a place where facilities, such as warping machines, sizing plant, raw material bank, are present to help the weaver.
- To provide financial/policy support and the necessary regulatory framework that fosters the development of viable entities, which enable artisans and micro enterprises (individually and collectively). Assistance for infrastructure and support to Handlooms clusters have been offered under the cluster approach by establishing new or upgrading existing infrastructure to expedite production and improve product quality.

Handlooms mark and setting up design studios

- Handlooms Export Promotion was established to assist Handlooms cooperative societies and corporations in developing export-worthy products, by interventions in the form of engaging professional designers and marketing consultants, upgrading skills and market penetration by participating in international fairs/exhibitions, buyer-seller meets and brand development through Handlooms mark and setting up design studios.

Sources: EMD Export Import Solutions Pvt. Ltd. website accessed on 07 March 2014; KPMG in India analysis

<table>
<tr><th>Category</th><th>Description</th></tr>
<tr><td>Credit availability (credit guarantee and interest subvention to weavers against targeted credit)</td><td>

Handicrafts Artisans Comprehensive Welfare Scheme: The main purpose of this scheme is to address the welfare requirements of artisans with respect to health and insurance
Rajiv Gandhi Shilpi Swasthya Bima: This extends financial benefits to the artisan community to access healthcare facilities

Artisans between the age group of one day to 80 years are eligible
Implementing agency: implemented only through ICICI Lombard General Insurance Company

Janashree Bima Yojana for Handicrafts Artisans (2003): This provides life insurance protection to Handicrafts artisan between the age of 18–60 years

Children of the beneficiary, studying in classes IX–XII, are given scholarships at the rate of 300 per quarter per child
Implementing agency: Life Insurance Corporation of India
More than 50000 artisans are benefited in this period,

Financial assistance to artisans in indigent circumstances: Any person at the age of 60 years or above and with an annual income of less than INR15,000 is eligible to get a pension of INR1,000 per month
</td></tr>
<tr><td>Social welfare measures/environmental compliance</td><td>

Health Insurance Scheme: It provides health insurance to weavers and their families

Implementing agency: ICICI Lombard General Insurance Company
Annual cover per family is INR15,000 of which 50 percent is utilised for just OPD expenses

Mahatma Gandhi Bunkar Bima Yojana: It provides life insurance cover to Handlooms weavers in case of natural death, accidental death and total or partial disability due to accident

Implementing agency: Life Insurance Corporation of India
Scholarship benefits worth INR300 per quarter per child are also available to weavers' children enrolled/studying in classes IX–XII

Research and Development Scheme: It caters to various activities, including the completion of the Handicrafts census, studies on languishing crafts; occupational health and safety issues and special advocacy efforts for the benefit of artisans
Additionally, the government needs to undertake projects related to environmental compliance, solar lighting, looms improvement and better ergonomics
A total of 101 research studies were commissioned along with 223 workshops. One of the key achievements was research study on definition of handicrafts.
</td></tr>
</table>

Sources: Working Group Report on Handicrafts for 12th Five-Year Plan, Ministry of Textiles, Government of India; KPMG in India analysis

Handlooms and Handicrafts – Government Initiatives and impacts

Category	Description
Marketing, exports, brand building and promotion of Handlooms products	▪ The schemes provided under this category cater to marketing events, urban haats, retail outlets, strengthening of Handlooms organisations, marketing incentive component, international fairs, exhibitions and export projects ▪ **Marketing Support and Services Scheme:** The purpose of this scheme is to provide access to artisans to various markets and marketing channels, both in domestic and international markets, through crafts bazaars, exhibitions, establishing urban haats, road shows, reverse buyer-seller meets and market studies abroad.
Infrastructure and cluster model	▪ This category offers consolidation of existing and new clusters/projects and includes group projects/state-specific projects and the new component of margin money support ▪ **Babasaheb Ambedker Hastshilp Vikas Yojna:** The purpose of this scheme includes technological interventions (improve modern tools, design and technical development workshops, training of artisans and organising seminars and symposium), marketing interventions, financial interventions and infrastructure-related interventions – Consolidation of clusters by strengthening existing skills, harnessing design development efforts and creating new clusters preferably in PPP mode
Raw material availability	▪ This category caters to the yarn to be supplied – The depots are expected to undertake distribution of dyes and chemicals while depot-cum-warehouses are expected to supply small quantities of yarn

Sources: Working Group Report on Handicrafts for 12th Five-Year Plan, Ministry of Textiles, Government of India; KPMG in India analysis

Category	Description
	▪ **Infrastructure and Technology Development Scheme:** This covers the strengthening of existing raw material depots/CFCs and opening new ones, establishment of mini haats/urban haats and construction of warehouses and Handicraft museums ▪ For credit and raw material availability, the Yarn Supply Scheme, (earlier know as **Mill Gate Price Scheme** that supplies ~~of~~ yarn at the same price as available at mill gate in 1992**)** would continue with the following few amendments: – Increase in the rate of freight reimbursement to meet transport expenses – Revision of service charges to NHDC from the existing 1.5 percent to 2 percent of the value of the yarn supplied – Allow an advance equivalent to 25 percent of BE of MGPS to NHDC at the beginning of the quarter to facilitate timely reimbursement of transport and depot operating expenses to user agencies
Training, HRD, R&D and technical processes	▪ The government extends support for improvement in existing infrastructure and machinery, introduction of degree courses, R&D projects, revival and documentation of languishing Handlooms crafts ▪ **Design and Technology Upgradation Scheme:** It caters to the introduction and dissemination of new designs, development of innovative technologies/technical processes and showcasing of prototypes in exhibitions as well as online – The purpose of this scheme is to provide financial assistance to the institutions sponsored by the central government, upgrade skills through training, documentation, preservation and revival of rare and languishing crafts, financial assistance for institutions to be established under state initiatives, including design centres, design banks and museums ▪ **Human Resource Development scheme:** It involves the introduction of craft training programmes in design, technology, marketing and management through recognised institutions and universities

Sources: Working Group Report on Handicrafts for 12th Five-Year Plan, Ministry of Textiles, Government of India; KPMG in India analysis

Incremental human resource requirement (2013-17, 2017-22) and skill gaps

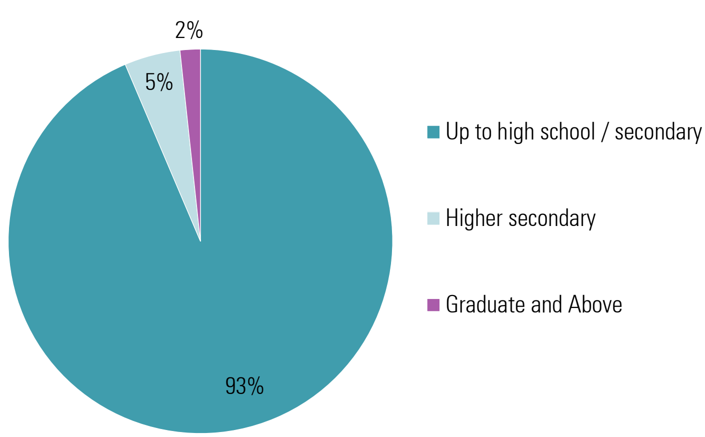
Incremental Human Resource Requirements (2013-17, 2017-22) and skill gaps

Sub-sector and education wise break-up of human resource requirement

- Handlooms segment is expected to witness minimal addition to workforce during 2013-22 inline with the trends observed during the last five years during which the segment has seen outward displacement of workforce
- Industry is expected to witness a shift from unorganised to organised sectors
- Unlike apparel and fashion sectors, direct linkages between Handicraft producers and designers are still lacking
- Mismatch in expectations of students and employment working conditions as the sector employment is mostly self-employment with limited job security
- The sector has no fair wage structures and provisions for employee benefits leading to issues with job security and lower retention levels

	Employment (in million)			Employment growth 2013–17	Employment growth 2017–22
	2013	2017	2022	(In million)	(In million)
Handlooms	4.33	4.33	4.33	--	--
Handicrafts	7.32	9.60	13.46	2.28	3.86
Overall sector	11.65	13.93	17.79	2.28	3.86

Education wise break up of incremental HR requirement (2013 - 22)



More than 90 percent of the incremental human resource requirement is expected to be in minimal education category as the industry does not mandate any specific education levels for employment

Sources: Annual Report 2004–05, Ministry of Textiles, Handlooms Export Promotion Council Planning Commission; KPMG in India analysis

Lack of market intelligence is one of the main challenges

Skill Gaps	Description
Identification of customer segments in contemporary markets	▪ The markets that artisans traditionally catered to are significantly different from modern markets in terms of customer segments ▪ Artisans lack knowledge on demographics and spending behaviors, e.g., Jaipur and other tourist destinations witness a large turnout of foreigners with a high propensity to spend ▪ This means products crafted by hand from end-to-end, such as hand embroidery on a hand-dyed and hand-woven fabric, can have significant market demand in such areas despite being expensive
Knowledge on customer requirements	▪ Artisans lack knowledge on products that are of utility, convenience and aesthetic appeal to modern customers even as traditional crafts have begun to lose their relevance in these markets ▪ E.g., Bidri craftsmen from Hyderabad have been traditionally producing vases, decanters and other decorative items that only have aesthetic value and not much functional use for today's customers ▪ When caravan supported artisans with design knowledge and marketing to apply the craft on to USB drives, products of functional use for modern day customer, it opened doors to a market that is nearly inexhaustible today
Designing for contemporary markets	▪ Artisans are equipped with necessary skills required for traditional products, however, they lack design knowledge for contemporary markets ▪ They require assistance in the application of traditional craft to products of utility and relevance for modern customers so as to keep the craft alive and flourishing ▪ E.g., Block printing in Jaipur was traditionally conducted on ordinary fabric, which prevented it from becoming popular globally ▪ When Rasa began to use high-quality fabric, fashion designers started working with block printing and subsequently, introduced it to global markets where it is highly popular today.
Communication and co-ordination skills	▪ To withstand competition from mechanised processes and deliver big orders as required in modern markets, artisans may often have to collaborate, leaving their traditional workplaces of households, to benefit from economies of scale ▪ This process requires artisans to communicate and co-ordinate with each other to meet client requirements within the specified timeframe ▪ At a micro level, artisans are required to communicate and coordinate with each other to bring out the product as originally planned and with minimal wastage ▪ Thus, division of labour in such a way that they work as a team, as required in modern workplaces, are some problem areas for artisans with inadequate communication skills.

Sources: Primary interviews; KPMG in India analysis

Need for innovation is critical

Skill gaps	Description
Marketing knowledge	▪ Ability to create and develop a brand, reach out to potential clients, present to them product portfolio, communicate product specifics, utility and exclusivity, negotiate and procure orders have been observed to be severe challenges for artisans as entrepreneurs in the modern world
Event management	▪ An effective channel for artisans to gain understanding of customers and market their products in exhibitions and fairs seems mandate ▪ This requires artisans to acquire event management skills, e.g., expositions and melas organised by state and central ministries, that have not been able to mobilise artisans to participate, as artisans tend to be insecure about their capability to participate in such events ▪ As a remedy to this, Kala Raksha calls for an artisan-organised fashion show as the concluding part of its training programme so they may become confident in showcasing their work successfully
Experimentation and innovation	▪ To keep pace with the rapidly evolving customer needs and tastes, artisans are required to experiment with new materials, colors, designs and products and their combinations, given the shortened lifespan of products in general ▪ To withstand competition from mechanised processes, differentiation in terms of design and intricacy should be brought in by artisans through innovation ▪ E.g., Wooden block printers of Sanganer and Serampur adopted fine designs that screen printing (cheaper and less laborious) from Ahmedabad and other regions cannot replicate
Financial management	▪ Inadequate numeracy renders artisans incapable of managing finances in areas, such as accounting, budgeting, costing, pricing and optimisation of cost and material. ▪ Further, lack of awareness among artisans of government-sponsored schemes makes access to working capital difficult for them ▪ E.g., Primary interactions have revealed that when artisans are given basic numeracy skills and are involved in material planning processes, they tend to minimise wastage ▪ In addition, involving them in pricing is another way of empowering them, as only they can ensure best prices for their products.

Source: Primary interviews; KPMG in India analysis

Challenges in skill supply and development

Concerns and challenges in the sector regarding skill supply and skill development	
No skills premium	▪ No fair wages mechanism ▪ No premium for craftsmanship
Shift from unorganised to organised sectors	▪ From the government's perspective, there is not enough clarity on the size, requirements or the number of artisans who make livelihood from Handicrafts and Handlooms – Since the sector is informal, most people do not have the capability to pay the training fees – In addition, reaching out to artisans is a big challenge, as they are scattered in various areas that have no or limited economies of scale and social safety – There are small clusters of Handlooms and Handicraft that are developed with the support from private entrepreneurs/traders – However, the challenge remains to move these artisans from home-based livelihood activity to more organised semi-factory-based activity
Inadequate knowledge	▪ Unlike apparel and fashion sectors, direct linkages between handicraft producers and designers are still lacking ▪ Inadequate knowledge on latest machines, trends and designs, since knowledge is confined to local trends
Mismatch in expectations of students and employers	▪ The next generation of artisans do not want to become artisans as less remuneration makes the sector unattractive ▪ Though traditional artisans learn skills from their forefathers and know hard skills, the products that they make are no longer in demand ▪ In addition, the traditional form of teaching, training and skill development for the Handlooms and Handicrafts sector has remained absent in the formal education system, including research institutes

Most of the people in this sector are self-employed, hence, this requires a more holistic approach that is not limited to just training but helping build an ecosystem where training is one of the aspects among others, such as developing markets, products and means of financing these enterprises to improve productivity.

Source: Primary interviews; KPMG in India analysis

Recommendations for stakeholders

Need to create market linkages and intelligence

Growing market for Handlooms and Handicraft products: Need to create market linkages

- Engineering graduates who join the IT and ITeS sector lack basic knowledge and skills of information technology, programming etc.
- Companies invest significant time and effort to equip fresh graduates with necessary skill set. The existing curricula do not impart the skills that can make students employable.
- The technical nature of job(s) requires practical/on-the-job training.

Recommendation 1: Artisans need to be provided with market linkages and intelligence

- Artisans need to be provided with market linkages for them to earn a sustainable living from craft. Creating an ecosystem where artisans have ready access to raw material, working capital, customer knowledge, design capabilities and reliable sales channels alongside health and insurance benefits is necessary to revive the sector

- Even though artisans possess craft skills, they are unable to meet the needs of the modern-day consumer owing to the lack of design knowledge of contemporary craft products. Artisans need to be provided with market intelligence for them to produce market-relevant products.

Lack of structure and funds: The sector is in dire need for the capital to grow

- This sector needs to be organised structurally. Artisans work in isolation with no standard pricing of products by the intermediaries. Also the sector is viewed as a supplementary source of income, agriculture being the primary source for most artisans. This seasonality element affects the availability of artisans around the year.

- Artisans find it difficult to avail working capital either through government-sponsored initiatives or otherwise. This may be attributed to lack of awareness among artisans of these schemes and lack of education. This is also often associated with viability of their business model, of which the banking sector has a poor rating e.g., Given the economic status of the artisans, they often cannot provide the necessary documentation or security for availing financial assistance.

Recommendation 2: Making funds readily available and spreading awareness about schemes available

- The artisans have to be incentivised to make Handlooms and Handicraft their main source of income by lowering cost of raw materials and making loans readily available

- Corporate houses are to be encouraged to take up development of artisanal communities and revival, preservation and promotion of crafts through adoption of a craft or a cluster as part of their CSR mandate. Further, Handlooms and Handicrafts are to be promoted for corporate gifting purposes

- Awareness about existing schemes need to be spread among artisans, so that they can benefit from those initiatives

Need to create awareness and create platform for promotion

Platforms: Lack of avenues to showcase the products of the sector on a sustained basis

- There is no particular flagship store where the products are showcased, thereby ensuring market presence at all times also creating a niche demand for the products

Recommendation 3: A readily available platform has to be made available for the promotion of the products

- Khadi and Village Industries Commission and multinational companies Cottage Industries Exposition Limited can be utilised as a significant platform for marketing handlooms and handicrafts. Its penetration may be leveraged with products customised for prevailing market needs.

Inadequate knowledge of production methods and products

- Lack of adequate knowledge of dyeing among Handlooms weavers often results in limited number of colors available, which makes variation difficult. They are compelled to approach the master weaver for more options who may or may not provide the dyes at a reasonable price.
- On the organic front, as natural dyes tend to be fugitive and more expensive, many artisans continue working with chemical dyes the exposure to which results in deterioration of their health. This also implies they fail to reap fair trade benefits, which require the use of eco-friendly dyes. This may again be illustrated through Etikoppaka lacquer toys where the lead content in the chemical dye used resulted in rejection from buyers.

Recommendation 4: Need to educate the artisans about raw materials and the products used and also how to market them

- Training and education on how to produce is essential but with what to produce is equally crucial. Hence, proper education regarding the use of materials used for production is necessary. Training institutions, government and self-help groups associated with the sector should help ensure that such knowledge is being imparted.
- An effective channel for artisans to gain an understanding of customers and market their products is exhibitions and fairs. Artisan-organised fashion shows should be part of training curriculum, which could teach them event management and marketing skills.

Consumer awareness

- A large part of the revival of the sector also rests with the consumers who should be able to differentiate between a power loom product and Handlooms product, and are willing to pay for the Handlooms products

Recommendation 5: Need to launch awareness campaign to promote and educate customer

- Need to educate the customer about the exclusivity of hand-woven and handcrafted products can play a huge role in promoting the sector

Sector attractiveness: It is not a career of choice among youth

- There is no aspiration among the young to take up this trade as they see no value in pursuing a sector where there is no growth. Even those practising the craft for generations are not able to interest the younger generation in this sector resulting in declining of the craft.
- The sector suffers from lack of innovation and experimentation.To keep pace with rapidly evolving customer needs and tastes, artisans are required to experiment with new materials, colors, designs and products and combinations of these given the shortened lifespan of products in general
- High prices of certain handcrafted products are often owing to lack of necessary infrastructure, e.g., Bhagalpur Handlooms weavers are faced with a severe shortage of electricity compelling them to resort to alternative but more expensive sources the cost of which is passed on to the consumer. In the case of Etikoppaka lacquer toys, power shortage has resulted in reduction in productivity as the lathes that artisans use for lacquering lay idle now
- For artisans to earn a sustainable livelihood from the craft and remain entrepreneurial, imparting design education to them is essential, e.g., Kalamkari artisans of Srikalahasthi, AP, were traditionally into crafting narrative panels that have a limited market demand
- Lack of proper working conditions for the artisans

Recommendation 6: Need for innovation and experimentation

- To withstand competition from mechanized processes, differentiation in terms of design and intricacy are to be brought in by artisans through innovation, e.g., wooden block printers of Sanganer and Serampur adopted finer designs that screen printing (cheaper and less laborious) from Ahmedabad and other regions cannot replicate

Recommendation 7: Availability of proper infrastructure

- In order to improve productivity and bring in a higher level of consistency in products, development of more sophisticated tools and processes is to be carried out and made available to artisans, e.g., development of a tool to position bamboo at a convenient and stable angle for easy and consistent cutting has helped improve productivity of bamboo craftsmen in North East

Recommendation 8: Customised and market relevant training is required

- Given the variety of crafts, differences in scope of their applicability, target markets and ease of learnability, training, especially in designing, is to be customised for every artisanal community and periodically revised to keep pace with changing market needs, e.g., Aari craftsmen believe about 25 years of experience is required to gain mastery of the craft

Recommendation 9: Promotion of fair trade

- Fair trade ensures fair prices and better working conditions for the producers in addition to, environmental sustainability of production processes. Fair trade being a relatively new concept in India, stakeholder efforts are to be focused around building awareness among artisans and customers alike of its benefits

सत्यमेव जयते
GOVERNMENT OF INDIA
MINISTRY OF SKILL DEVELOPMENT
& ENTREPRENEURSHIP

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