

## Artisanal Clusters: Towards A Brighter Future

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*There is scope for policy intervention for providing appropriate and sustained market intelligence and necessary supply conditions for a sustained growth path of the artisans*

INDIA IS a land of handicrafts and handlooms. At the end of the tenth five year plan, the handicrafts sector employed 67.70 lakh persons. Again, with about 35 lakh handlooms, the handloom sector provided employment to 65 lakh persons, of which, 61 per cent were women, and 35 per cent belonged to scheduled castes and scheduled tribes. Thus handlooms and handicrafts sectors are not only employment intensive, being second only to agriculture, but also have huge social importance, in view of the fact that they cater to the economically as well as socially weaker sections.

Interestingly, almost the entire handicrafts and handlooms sector are situated in geographic concentrations, called clusters.

Such clusters are at times centuries old consisting of mostly household units utilising both home based as also wage earners. Each such cluster is situated within a contiguous geographical area spanning over a few villages and/or a town and/or a city and its surrounding areas. Each cluster faces common opportunities and threats.

India is estimated to have around 2682 handicrafts and 491 handlooms clusters. In both cases around 10 states cover around two-third of these clusters. Uttar Pradesh leads both in handlooms and handicrafts. Some of the other front ranking states include Bihar, Madhya Pradesh and Rajasthan in handlooms; and Orissa, West Bengal, Gujarat, Maharashtra, Madhya Pradesh in handicrafts. The major products of handlooms include saree, dress material,

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furnishings, dhoti, lungi, etc. The 2682 handicraft clusters belong to 24 product groups, covering 292 products. These include 548 textiles, 418 basketry, 298 woodwork, 251 metal ware and 203 earthenware related handicrafts products.

Artisanal clusters face a variety of challenges. Firstly, majority of the clusters perform in a “market based value chain”. Here both the artisans and their buyers are plenty in number and there is no one-to-one relationship among the buyers and artisans. Also in many cases the artisans have got disengaged from the buyers. This has been a slow but steady process over the past few decades. Firstly mechanisation thinned and nearly

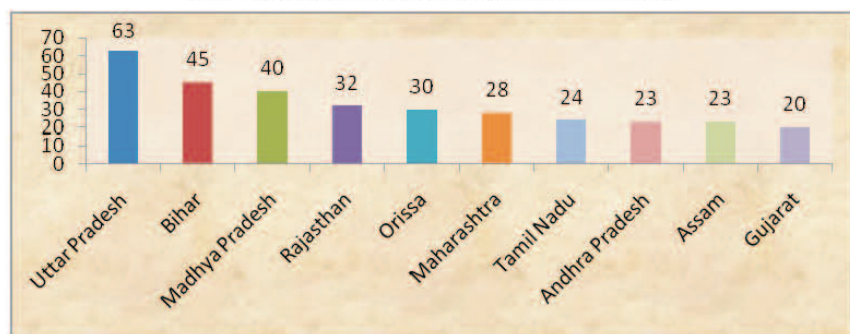
eroded the local market of the artisans. Their market shifted to the urban centres. Thereafter the changing market need at the far away urban markets made the existing market knowledge of the artisans irrelevant.

As a result the sector witnessed a natural advent of a ‘high-tech artisan product handlers, mostly people of urban origin, who started providing the artisans the neo-market intelligence and the market as well. Thus slowly the artisans, who have already lost their rural roots, having lost their comparative advantage – the market intelligence, slowly became suppliers of low cost labour of “artisan” products.

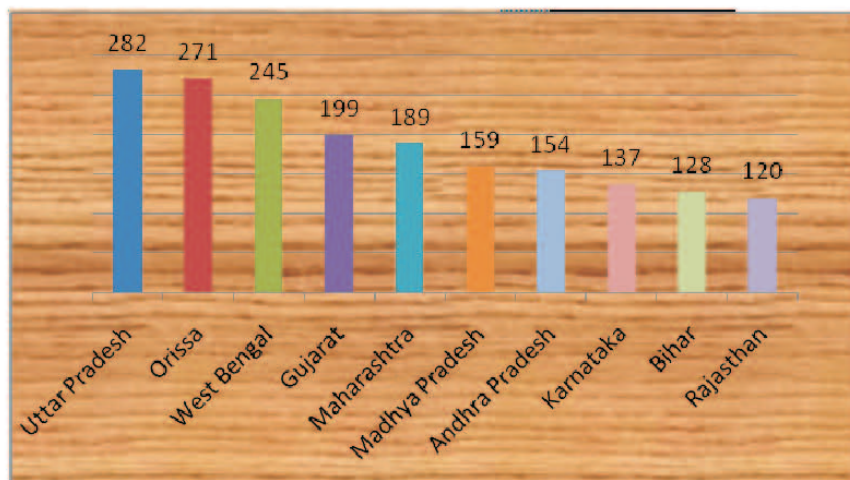
Several attempts have been made in this regard by various schematic approaches of participation in trade fairs, buyer seller meets, design support, etc., but given the sheer volume of artisans and the time requirement for striking business linkage, these schemes have natural limitations. Firstly, these are mostly restricted/irregular attempts for an artisan. Also, given the huge number, there is hardly any scope to cover all the artisans on a regular basis. While sincere attempts are also being made to provide the artisans with appropriate design inputs, but the element of continuity, that is required to make such attempts successful in the long run, is naturally missing, given the huge number and the repeated attempts that need such coverage.

A possible solution to such chronic challenge is to get linked to natural market facilitator, with a long run strategy. Here again, a basic trouble is the absence of a network of artisans. At an individual level an artisan does not provide any substantial volume for direct linkage with the new generation ‘informed’ buyers. However, once grouped optimally, artisans can get directly linked to such informed buyers, who can provide them with critical market intelligence. Over time as such relations mature and critical level of knowledge transfers take place, the artisan groups mature to get linked to the market directly and thereby move up the value chain,

**Distribution of Handloom Clusters in India**



**Distribution of Handicraft Clusters in India**



now with higher knowledge level, a “network based value chain”.

This process will need some initial development support to go for creation of groups of artisans and provision of initial linkage of such groups to higher order value chain partners, often referred to as “middlemen”, an area still cautiously treaded by the development fraternity. However, in the medium and long run, this market led system will in itself guide the entire process of training the artisans and sharing with them the market intelligence and thereby creating their capability to shift to

higher order value chain system themselves.

It must be stressed here that such linkage with private sector will require strong handholding support by independent agencies. Firstly, this is the time when there is need for creating systems among the artisan groups, which needs lot of negotiations and understanding from their side and lots of conflict resolution exercise that emerges in this process. Also there is need to create negotiation power among the artisan groups, as else, they are often at the risk of getting raw deals.

#### **Private Sector Provides Crucial Market Link to Chanderi**

Hand loom based weaving in Chanderi (Madhya Pradesh) is a centuries old activity. The cluster is known for its ethnic product with high design value. In 2003, Chanderi had 11000 weavers working in 3000 looms. Around 150 odd weavers got together to create an entity – Bunkar Vibhas Sansthan (BVS). Fab India is an established handicraft retail outlet with branches all over India. In July 2004 the core buying team of Fab India visited Chanderi to explore the possibilities of bulk purchase. After initial discussions and assessment of BVS, Fab India decided to open its own office in Chanderi and also signed an MOU with BVS. The MOU with Fab India ensured BVS an assured order of Rs. 5 million in the first year with an estimated increase of Rs. 2.5 million every year. BVS was given the responsibility of managing the production of its SHG and through them with other SHGs in the cluster. The CEO of BVS was entrusted with the responsibility of managing the entire show and simultaneously creating a system and do all conflict resolution during this growth period. Actual sales to Fab India were estimated at Rs 2.7 million in 2004 and Rs 4.24 million in 2005. The figure reached an estimated value of Rs 7 million in the year 2006. A point to point analysis suggested that the average wage rate for BVS increased by an estimated 50 per cent from Rs 85 to Rs 128 during the period 2004 and 2006.

Availability of finance will also be a critical issue at this juncture. Artisans have very less holding capacity and they need payment immediately on delivery of products. Anything less than that may/will cause them to shift to alternative options. This is more so whenever there is availability of such alternative or the artisans are operating in a multiple livelihood scenario. Hence, tailor made group financing mechanism will be required at this stage. Unlike small and medium enterprises, the household units are often not in a position to even buy the raw material for producing. Hence they will need a financial product in the form of “Order Discounting”, wherein order is received by a legal entity (having at least an account with a bank) of the artisans from a registered entity, can be discounted by the bank. At the least such facility must be available for bill discounting. Alternatively revolving fund may be provided to the artisans’ group for quick reimbursement of wages and raw material cost to the artisans.

Technology is also an important issue. At times it becomes a real challenge to provide the appropriate technology that can replace routine and yet keep the artisanal dexterity untouched. This is becoming a challenge, as else, the modern generation artisans are feeling less interested to stick around the tradition. Such technology changes must be significant, should not



tamper with the critical dexterity items, i.e. the core of the handicrafts, and should be affordable. Thus there is need for serious R&D, which can lead to innovative technology.

Simultaneously there is also need for critical infrastructure. But true to the spirit of decentralised home based production, there is need for multiple critical infrastructure as compared to high value large infrastructure, which may be viewed as remote when an artisan tries to balance it out with her family commitments.

Also in this process one needs to take care of the poorest of the poor artisans. While implementation, as it happens in many cases, the comparatively better endowed artisans – be it in the form of

dexterity and recognition, gender or social standing, etc. are the most expressive and get to understand the benefits fast. Hence as a natural process, there is a crowding out of the less endowed, ‘socially challenged’ and women artisans. Thus special care needs to be taken to strike a balance between spontaneity of demand from the artisans and special drive to include the weaker sections. Else implementation may become non-inclusive and lead to enhanced relative poverty in this process.

Here the role of design inputs is also a crucial ingredient. As mentioned earlier, the process of mechanization and the distancing of market from local to national and international, has made the

artisans, who were traditionally the design creators as design takers. The development agencies have responded to this problem by providing occasional design inputs. But this process is not programmed to make the artisans permanent design creators. They get new designs, but cannot create new ones. Hence serious and targeted efforts need to go into creating designers from the artisan category and give them back their prime – the pride of being an artisan.

Thus there is scope for policy intervention for providing appropriate and sustained market intelligence and necessary supply conditions for a sustained growth path of the artisans. □

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### Handloom Census

The number of Handloom weavers and allied workers as per the Second Census of Handlooms of India (1995-96) and Third Handloom Census of India (2009-10) are:

Sr. No.	Census	Number of Handloom Weavers and Allied Workers (in lakhs)
1	Second Census (1995-96)	65.50
2	Third Census (2009-10)	43.31

Factors identified for the decline of Handloom Sector, inter alia, include, (i) competition with mechanized sector such as mill and powerloom Sectors, (ii) decline of handloom corporations/Apex Cooperative Societies (iii) high cost of credit & low disbursement of credit for the handloom weavers, (iv) Choking of cooperative credit lines due to debt over-dues and (v) marketing problems etc.

Although, the number of handloom weavers and allied workers has declined, yet improvement in various other parameters has also been reported in 2009-10 Census over 1995-96 Census. The details are as under :

Sr. No.	Indicator	2009-10 Census	1995-96 Census
1.	Man days worked per weaver per annum (days)	234	197
2.	Share of full time weavers to total weavers	64%	44%
3.	Share of weaver households reporting less than a metre production	46%	68%
4.	Share of Idle looms	4%	10%

For the development of Handloom Sector and welfare of Handloom weavers, five Schemes are under implementation, which are (i) Integrated Handlooms Development Scheme, (ii) Handloom Weavers' Comprehensive Welfare Scheme (iii) Marketing & Export Promotion Scheme (iv) Mill Gate Price Scheme and (v) Diversified Handloom Development Scheme