

Chhattisgarh handicrafts development Board (CHDB): Cultivating opportunities

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Abstract

This case has been developed solely as the basis for class discussion and for education purposes and is not intended to illustrate either effective or ineffective handling of an administrative situation or decision making or represent the views of management about the topic of the case. The authors may have disguised / camouflaged some of the names, events, information, and/or conversation among organization's officials to protect the identity of individuals and to protect confidentiality.

INTRODUCTION

On a rainy Wednesday morning of 9th August 2003, Ganeshram Kashyap was sitting under the leaking roof of his hut, frustrated from worrying about how to sustain livelihood of his family with no regular income. He had inherited skills to make some handicrafts but lacked resources to market his produce. He belonged to Bastar district of Chhattisgarh state in India. The state in general and Bastar in particular are rich in mineral resources but that meant nothing to the inhabitants called the adivasis (aboriginals) lived in acute poverty lack of facilities and amenities as known to the urban citizens. Their only sources of income came from the sale of jungle produce or an occasional sale of a handicraft through an appreciative visitor. Ganeshram wished for a day when people would recognize the craftsmanship he and other adivasis possessed.

It is not that the democratically elected government of the Chhattisgarh was not aware of the plight of the citizens and lack of any other means of livelihood. The need to bring the modern life had been recognized. The food

rations were made available through public rationing system at highly subsidized rates. The schools were getting opened with provision of free education. But there were slow operations for development. There was a need to create opportunities where the skills of the people could be put to use and their craftsmanship brought to the attention of the world at large.

A notification was passed by Chhattisgarh State Village Industrial Department to constitute Chhattisgarh Handicrafts Development Board on 21st July 2004 for providing strength to the various handicrafts related activities of Chhattisgarh. The sole objective constituted for achieving all round development in the domain of handicrafts and also to revive the vanishing crafts by marketing it strategically, so that there will be constant progress in positioning of handicrafts in global market. Government notifications, everywhere, speak of good intentions, plans and programmes. However, mostly these remain on paper and the allocations are lost in misuse. The real test of the fine declarations comes in their implementation. For the

successful implantation of this type of programme one needs a person at the helm of affairs who is committed to the cause, has an affinity with the adivasis, is able to understand their problems and has found innovative solutions to market the produce, which is often considered a wasteful expense.

CHDB was lucky to locate one. Anil Singh was appointed as the Chairman of the Chhattisgarh Handicraft Development Board. Anil Singh, a retired Major from the Indian army was a native of Ambikapur, a small town in Surguja district of Chhattisgarh State. He was born in a peasant family, completed his Masters in Sociology and LLB from Ambikapur itself. Right from his youth days he got interested in the up-lift of the backward people in Surguja, Bastar districts of Chhattisgarh, and to provide them better health and educational facilities. Often he would visit nearby villages, meet the elders and listen to their problems. These were also the days when he himself the basic crafts known to the natives. He found himself quite at ease talking to the youth in the common dialect, he shared. Often he would indulge taking elementary education classes for the children. At times he would spend hours to take classes in improving their craft skills or asking them to produce what the city-man wanted. He recalls, 'The adivasis lived in the thatched roof huts. Their crafts were centered on shaping and moulding of tools for the hunt, mats for seating, toys, gods and goddesses from metals, utensils for everyday use, and hangings for decoration of the huts. I would explain that the city houses comprised of plain walls which required paintings and large wall hangings. The city dwellers sat on chairs and par-took meals over a table. And these required different mats which could come from the skills they possessed.' His exposure to the poverty of the region, deep commitment for

welfare, knowledge about the useful handicrafts made him eminently suitable for the task entrusted. His stint in the Indian army made him a no-nonsense man and determined to achieve his goals. A practical person, Major Anil Singh looked forward to fulfill his dreams at his new appointment.

He lost no time after taking over and formulated a blue print. He opened up his plans to provide a sound platform at the national and international level for the handicrafts of Chhattisgarh and to improve the financial condition of the artisans involved in making of the handicrafts. In the development program Mr. Rajendra Rajwade, Manager -Marketing of CGHDB was given the responsibility to organize the awareness camp for the downtrodden artisans in the remote areas of Bastar. Rajwade himself like Anil Singh was known for commitment to the cause. Besides he had earlier a stint with a private company engaged in the export of the handicrafts. This experience had given him the knowledge about the preferences of the overseas customer. Rajwade appeared as a perfect companion to Anil Singh. The two of them opened various centers in Raigarh, Jagdalpur, Kondagaon, Parchanpal, Narayanpur districts of the state for providing necessary support to the artisans.

Chhattisgarh Handicrafts Development Board (CGHDB)

Chhattisgarh is a small state situated in the center of India. It is a state rich in minerals, specially the iron ore, dense forests unexplored and unvisited by the urbanites. The habitation is largely confined to small villages. Raipur, the capital is the largest city with a population not exceeding 2 million which

by Indian standards compares miserable with the types of Delhi, Mumbai, and Kolkata which exceed 10 million each. A large section of the population is referred to as Adivasis, roughly defined as the original population who are dependent on jungle produce. It is this population which is largely associated with handicrafts. The skills flow through the families as most of these are inherited. It is indeed an experience and a mesmerizing one to watch their workmanship in the shape of crafted metalwork as to how these could be created just with elementary tools by illiterate/semi-illiterate persons. The Chhattisgarh Handicrafts Development Board has taken major initiatives to protect the dying skills and promote the handicraft production.

CGHDB an undertaking of the Government of Chhattisgarh was established in the year 2004. Handicrafts have always been an important and integral part of the Indian culture and more so in the State of Chhattisgarh, where the handicrafts are intimately intertwined with the culture and tradition of the people. The handicrafts they make find usage in their everyday life in worship, in vocations, household use in the kitchen, bed rooms, sitting rooms, attires, leisure pursuits, music, folk dance and hunting. Unlike routine handicrafts which are pure decorative pieces of art and are meant for display in the drawing rooms, here is art with a purpose and usage. In order to effectively reach out to the markets, the CGHDB has come up with a series of emporiums by the name of "Shabari" all across the State and also in New Delhi, the capital of the country. The name Shabari is borrowed from the scriptures and refers to a poor lady of pious means and lives on the produce of the jungle berries, and the small handicrafts she makes from the jungle

waste and waits for years for the visit of the Lord to her cottage to get an opportunity to serve her. The Lord kept His promise and came to her hamlet to partake of half eaten jungle berries, as Shabari will first take a bite to ensure that each berry she offered was sweet and worthy of the Lord. Perhaps there could not have been a better name for the affiliation, display and sale of handicrafts from the state of Chhattisgarh, representing God fearing simple and honest people unknown to the life standards and glamour of the city life and waiting for the rich and the affluent to visit their workmanship.

After spending a month or so in his job and familiarizing with the systems in operation, Anil had a brainwashing session with his staff toils down the objectives before the board.

The lead objectives before the board

1. To generate employment in the field of Handicrafts by providing training to the traditional and non- traditional artisans and also to the unemployed youth of the State.
2. To maximize the use of Handicrafts for the employment generation and economic growth in the State of Chhattisgarh.
3. To market the Handicrafts of the state at National and International level and to develop the process and design of the crafts as per the international standards and also keeping in mind the competition in the international market.
4. To provide craftsmen with the latest instruments of making handicrafts.

This type of an exercise was necessary for several reasons. Foremost it would create a

common purpose for all the board employees at all levels. The lead objectives will provide a common language to talk in and prevent the waste of precious and scarce resources. Thirdly, the objectives indeed would turn out to be the performance parameters which would help in evaluating the performance of the board employees. For the artisans this brought in transparency and the knowledge that the board worked for specific purposes which were also dear to them.

The Organizational Structure:

Organizational structure refers to the institutional arrangements and mechanisms for mobilizing human, physical, financial and information resources at all levels of the system. When we look into the history we found that in twentieth century as organisations grow bigger, hierarchical organisations were popular because they could ensure command and control of the organisation. However with the advent of globalisation and widespread use of technology, in the 1990's tall hierarchical organisations began to downsize and reduce their workforce. Technology was able to carry out many of the functions previously carried out by humans.

Structure is thus an integral component of the organization. The set up of CGHDB is hierarchical as in this hierarchical structure the organisation employees are ranked at various levels within the organisation, each level is one above the other. At each stage in the chain, one person has a number of workers directly under them, within their span of control. As tall hierarchical organisation has many levels and a flat hierarchical organisation will only have a few. CGHDB is having a Multi-Divisional Organizational Structure where each division is operated as a separate business unit. This type

of structure is appropriate for related-diversified businesses (Fig-1). The key task of corporate managers is exploiting synergies among divisions. Managers use a combination of strategic controls and financial controls. The Chief General Manager tries to strike a balance between:

- i. Competing among divisions for scarce capital resources
- ii. Creating opportunities for cooperation to develop synergies

The goal is to maximize overall firm performance. The decision-making of managers in a Multi-Divisional structure may be:

- i. Centralized or Decentralized
- ii. Bureaucratic or Non-bureaucratic

Balance on these dimensions may change over time. Structure will evolve over time with the changes in strategy, degree of diversification, geographic scope and nature of competition. The working of the board is guided by well articulated and formulated set of objectives.

Understanding the Handicrafts Industry

Handicrafts industry comprises diversified products portfolio and there is a large variety available in market. Handicrafts products can be distinguished into following:

Metal ware, Wood ware, Hand printed textiles, Embroidered and crocheted goods, Shawls, Carpets, Bamboo products, Zari (uses gold thread in weaving of cloth for sarees, stoles,

caps, headgear, etc. much in demand by ladies of the Asian origin) goods, imitation jewellery, Paintings, Earthenware, Jute products, Marble Sculpture, Bronze Sculpture, Leather Products and other miscellaneous handicrafts.

The Indian Handicrafts market

India is one of the important suppliers of handicrafts to the world market. The Indian handicrafts industry is highly labour intensive, based on cottage industry and decentralized, being spread all over the country in rural and urban areas. Numerous artisans are engaged in crafts work on part-time basis. The industry provides employment to over six million artisans (including those in carpet trade), which include a large number of women and people belonging to the weaker sections of the society. The export earnings from Indian handicrafts industry for the period 2009-10 amounted to US\$ 2.2 billion. In addition to the high potential for employment, the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country.

Handicrafts and handlooms are two such industries in India that have their special identity. With a mode of expressing one's mind, soul, traditions and modern outlook, these two industries have created magic all over the world. The variety and expertise of handicrafts speaks through pottery, metal work, jewelry, wooden art, marble or stone work and toys. On the other hand, the glory of handloom industry can be stated in the form of designer clothes with a variety in fabric, printing styles, designs, patterns and specialized embroideries. In fact, almost every state in India has their own style of handicrafts and handlooms to boast their distinctiveness.

Today when automation and mechanized industry is seeking alternatives to mass production to satisfy demand of customized products, it is the handicraft and the handlooms which brings in unique features and creativity to satisfy the needs of an individual customer to look different from the mass and satisfy his personalized needs

Key Facts of Indian Handicrafts Industry

1. India's rich cultural diversity and heritage provides a unique and huge resource for developing craft products.
2. The Indian handicraft Industry is showing a continuous growth rate of 20% per annum.
3. Handicrafts industry is one of the important segments of decentralized sector in India.
4. A major part of industry operates in rural and semi urban areas throughout the country and has potential to meet Indian and International market with around 67000 exporters to tap the market.
5. According to the national census of handicrafts, undertaken by the National Council for Applied Economic Research the value of handicrafts produced were of Rs. 262,130 million.
6. This Industry provides huge employment opportunities to artisans that include women and people belonging to backward and weaker society. This is one of the major sources of income there.

7. The Indian Handicraft Industry is a \$100 billion industry worldwide.

The six million craft persons who are the backbones of Indian Handicraft Industry have inherited skills, techniques, traditional craftsmanship that is quite sufficient for primary platform. However, in changing world market these craft persons need an institutional support, at their places i.e. craft pockets for value addition and for the edge with other competitors like China, Korea, Thailand etc.

Meeting export demand in needy countries represents a major economic activity of handicrafts in India. Exhibit 1 depicts demand of various items as demanded by the various countries.

COUNTRY-WISE EXPORTS OF HANDICRAFTS (Exhibit-1)

The major buyers for handicrafts (other than carpets) are as under:

India's share in exports has been rising and is depicted in Exhibit 2. With over 82 million inhabitants, Germany is the largest market for giftware and handicrafts items in Europe. A member of and situated within the European Union, Germany is supplied with gift ware and handicrafts from Germany as well as the surrounding European countries such as France, Italy, Switzerland and the United Kingdom and from all other parts of the world: Russia, Latin America, Africa and Asia. India with its skills can offer a major challenge in this market.

Marketing Strategies adopted for development of artisan sector

As the world is becoming mechanized and hi-tech at the same time the demand for handmade original handicrafts and art works is also increasing not only in India but also across the globe. The challenge is not the creation of demand for the products of artisans, it exists automatically, but the challenge is to create an efficient and cost effective platform on which buyers and sellers can come together to create and exchange directly without the intermediaries. Institutional network established, sponsored or supported by the government can provide a lot of marketing support to the rural craftsmen in the following manner:

DISINTERMEDIATION

Rural artisan and urban buyer have one common hindrance: the middle man. For rural artisans, the challenge of finding a market is coupled with high cost of travel. This makes their entire effort most unviable. Under this compulsion they have to depend on middle man. But, these middlemen make the most out of the sales even though it is the rural artisans who has put in their hard effort and largely responsible for the exquisitely crafted products.

The broad marketing strategy for the rural craft based product is how to eliminate middlemen and establish a direct contact between craftsmen and the customer so that rural artisans extract more value for their crafts and at the same time customer also has to pay relatively less amount.

Government can play a key facilitating role by laying down elaborate direct marketing plans like:

- Organizing Self Help Group (SHG): Village artisans can be organized into self-help groups so that they can come together to develop better produce and take benefit of economies of scale.
- Organizing of Exhibitions by Government Bodies: Ministry of Rural development has decided to hold exhibition for products made by SHGs at regional and national levels. CGHDB also welcomed this concept with open heart and due to this it has created an opportunity for the artisans to sell their handicrafts in these exhibitions.
- Organizing of Regional Craft based fairs: Since 2003 the Government of India has made the marketing effort deeper and wider, with the introduction of regional fairs, which have so far covered in Delhi in the north, Mumbai in the east, Hyderabad in the south and Bhubaneswar and Guwahati in the east. As customer and producers are having direct interface, these types of fairs and exhibitions provide a good opportunity for the craftsmen to have formal and informal feedback from actual and potential customers that how they can align their production with customers preference.
- Formation of Co-operative societies of Craftsmen: Artisans can come together in the form of registered co-operative societies to protect and promote their interests. On account of being organized they will not only have economies of scale but can take

benefit from the different schemes promoted by government for these societies. They would be in a better position to approach different financial institutions for getting financial support, if they have good business plan to market their goods.

Establishment of Trusts

It might not be feasible that every time few craftsmen come together and form SHG or cooperative and they will be successful. Most of times result can be otherwise. The right way could be a two stage process:

- Stage-I: Till the time the artisan is ready to be on their own, some trust or organization can come forward to do the handholding. The trust can supply raw materials and later purchase everything produced from the raw material, on a piece rate basis for the value added services provided by the artisans in an area. Trust can also help the artisans to improve their traditional designs, and also provide training to artisans to develop their skills. After recognizing the value of human capital, the trust can also provide financial capital on credit or implement s initially. The trust can organize meet, where artisans of the same field in the region can come together in the form of mela (fair), share experiences and learn from one another.
- Stage-II: When the group understands the business model to some extent and demonstrates capability and willingness to be on its own. Then the trust can facilitate the formation of organized group

with distinct organizational structure. Artisans can make a token contribution towards the establishment of the new organization to inculcate in each of the members, a since that they own that organization. This fund can be used as capital. The members can share the profit or loss at the end of the year. Trust can offer professional help on loan to help the artisans with marketing, production, accounting and design to start with. With the group managing the activities on its own the trust can move forward to sow the seeds for the formation of another cooperative of SHG for some other craft activity in the region.

Benefits of Institutional Setup

- Regular training programme can be conducted to adjust the changes in size, colours and designs and also equip the new members in the organization. The workshops can be organized for the development and up-gradation of craft based skills so that the product quality can be maintained or upgraded.
- The artisans can benefit from yearly bonus, interest free loans, compulsory savings, and individual life insurance.
- Initiative of uniting rural artisans can keep alive the traditional craft.
- The organization can then move to implement interventions in areas of education, health, economic development, running schools, women's collective in its region of operation.
- Artisans can invest their income from handicraft work in agriculture to bringing improvement in income for cultivation.
- The temporary migration of artisan's families can stop. Earnings from crafts can supplement household income to sustain their livelihood.
- Contributes in mitigating the impact of sudden shocks at the community level . During the outbreak of calamities, the organization can extend support to other families and work for the development of the weaker section of the society, women and children.
- Helps in creating a mass awareness of the craft and steady income for the artisans.
- It gives the members social prestige and group iden
- It also provides an immense feeling of belonging ness and feeling of ownership, as they control and run the organization.
- Prevents the rural population from debt at exorbitant rate of interest.

Market Research

Artisans need to conduct at least informal market research to understand the changes in the preference of customers with respect to colour, shape and design. This can be done by participating in the fairs and exhibitions where artisans can interact with the customers directly with respect to their need and preferences. Handicraft products form a part of life styles product in national and international market. Therefore, handicraft

industry needs to change designs, patterns, product development, production facilities, production techniques, related expertise to achieve a leadership position in the fast moving growing competitiveness with other countries.

Entrepreneurial Training

Provision of entrepreneurial training for artisans can help them to better manage their micro-enterprises. These training's can be provided by different government agencies and cooperative organizations. This training will hone the skills of artisans who are not aware of the all facets of the managing a business entry. They can be taught about the importance that is associated by the present day consumers to quality and packaging.

Non-institutional credit (By NGO's etc.)

This can be vital help for purchasing raw materials or to expand production systems. This can also assist artisans in breaking out of the stranglehold of technological obsolescence and also to ensure quality production. A capital fund for purchasing raw material and assisting with wages when stock is being prepared can be of great help to rural craftsmen.

Niche Marketing

Price competition has been intensified by increasing quantity of Chinese and Asian Products. For competing in this scenario, Indian companies have to offer niche market giftware and handicrafts, i.e., exclusive to Indian Handicrafts items or new – to – market products.

Establishment of web presence

Internet is very effective tool to establish an organization without the help of intermediaries.

But, the potential of e-commerce is still far from the reality of majority of handicraft artisans. Organizations (SHGs, cooperatives) can create their websites or web pages to display information about their products to the entire world. This information would be available on the Internet 24 hours and 365 days for the potential customers to see in a very cost effective manner. This media can be of great use for repeat orders to regular customers who are confident about the quality of produce of an organization and have already interacted with the cooperative society or SHG at a particular platform.

Support in Establishing Retail outlets

Government can also help the organized co-operatives of craftsmen to establish retail outlets in the cities where there can be good demand for the rural handicrafts.

- Provision of Marketing Platforms by Voluntary Organizations: Voluntary organizations can provide a platform for marketing of handicrafts, learning and experience sharing amongst rural crafts entrepreneurs. Small manufacturers can display their handicrafts for sale directly to consumer sans intermediaries. Such platforms helps rural craftsmen specially women in income generation and economic empowerment. The same platform can be used to organize seminars, debates and discussions by inviting experts from NABARD, Small Industries Development Bank of India (SIDBI), Exim Bank of India etc., to guide micro-entrepreneurs making rural artifacts on how to ensure effective marketing without depending on intermediaries. The facilitating organizations like Exim Bank,

SIDBI etc can display their services for rural entrepreneurs at these platforms. Thus, there will be two-way flow of information. Facilitating organization can know about the needs of rural entrepreneurs whereas the rural craftsmen can know about the products and services these facilitating organizations have designed and developed for them.

- Displaying of Artisan Products at Indian International Festivals: By putting on display some of the products of micro-entrepreneurs on India's international festivals like India Day Celebration in Washington etc. across the globe can provide much needed promotion to the work of rural craftsmen. Indian Diasporas and international citizen who visit these festivals can become aware of rich cultural heritage and unique crafts of India. This curiosity will not only create on the site sale but will indirectly attract tourism to India which will further add to the sales of Handicrafts at different venues and platforms in India.

Provision of better tools

In order to improve the quality and productivity of the craftwork, government and other institutions can provide better tools and equipments to artisans on subsidized rates as part of special scheme for artisans those are below the poverty line.

Export of Craft work

Export market is very lucrative. If the artisan can organize themselves in the SHG or Cooperative societies then they can jointly try to explore export markets. National level commissions, boards, cooperation's and export promotion councils can conduct research with respect to

different markets where particular handicrafts product can have potential for exports. They can also enable the select handicraft organizations or artisans to display their products in the exhibitions that are organized in different countries from time to time .Before developing an export strategy for the organization, it must be:

- Aware of Export regulations: Organizations thinking of looking at export market need to be aware of basic provision with respect to exporting to a particular international market .For example: exporter should be aware of the custom regulations of the target market with respect to the dispatch of samples.
- Develop Product Literature: Indian firms targeting international market need to have comprehensive product literature and data sheet. This literature needs to be made in English as well as in the native language of the target market.
- Aware about different Distribution channel for exports

The alternative channels that can be employed by the handicrafts organization for export are as following:

- Appointing wholesalers: Tie-up with specialized wholesalers having narrower but in-depth range of handicraft products can be made for sales to retailers as well as to final consumers.
- Establishing Importers/ Distributors: Most Indian handicrafts companies use importers/ distributors to market and sell their handicrafts lines. Distributors supply

to handicrafts retailers, purchasing groups and supermarkets.

- **Commission Agents:** Independent commission agents working on around 15 percent commission provide Indian companies with direct access to the market and direct control. They concentrate on specialist retailers, purchasing groups and department stores. In order to facilitate market entry effort their initial commission is often a few percent higher than the 'usual' commission.
- **Department Stores:** Indian companies interested in establishing contacts with major department stores may also choose the direct approach. Department stores prefer to deal directly with manufacturers. Their buyers are very specialized and only handle a limited range of products.
- **Teleshopping:** Different teleshopping companies are operating all over the world offering various types of giftware and handicrafts; jewellery, fashion, health, beauty, household consumer goods; collectibles and home accessories.

The government policies need to consider livelihood approach which puts the people at the centre of development projects and takes a wider and better informed view of opportunities, constraints, objectives, and interactions that characterize the lives of the artisans instead of the typical input oriented approach. This will increase effectiveness of assistance of different developmental measures taken up by the government for the rural artisans. If the government desires to harness the optimum potential of the handicraft sector then there will

be requirement of not only improved set of policies but also proper design, conceptualization, planning and administration of the different schemes for the rural artisans.

THE VARIOUS SCHEMES OF CGHDB

Chhattisgarh Handicrafts Development Board (CGHDB) faced lots of problems to meet the growing demand of the handicrafts in the local, national and the world market. In spite of being the best producers of the handicrafts in India the board has faced severe problem in establishing the market not only in Chhattisgarh but also throughout the country. CHDB has adopted a module of market capture strategy where the craftsmen will be benefitted while increasing the coverage of the market. The market coverage strategy module explains the flow of knowledge and expertise from the craftsmen's and also the economic development of the tribal's.(Exhibit-4). The ten initiatives comprising the module are briefly explained as under.

1. Marketing Assistance

a. Numerous exhibitions and Shilp Bazaars are regularly organized where the products of the craftsmen are sold directly. This not only gives them a platform to showcase their work, but also provides them an opportunity to learn new developments and trends and in turn improve their production capacity, proper costing and learn about market demands.

b. A chain of emporiums has been established throughout the state of Chhattisgarh and also at New Delhi. The work of the craftsmen is showcased and sold through these emporiums.

2. Training

In order to provide employment to the traditional/non- traditional artisans, the non agricultural field labour, unemployed youth etc, training is provided in the field of various handicrafts. As per the new guidelines of the government the training is imparted with an objective of generating self employment. It is kept in mind that the standard of the Training should be good enough so that the candidates are able to sustain in the competitive market and hence in order to make the training more effective different types of training programs are organized for different types of crafts. The training programmes have been developed to impart different degrees of skills. These are tabulated as under:

During these trainings scholarships are provided to the candidates based on the budget received from the State Government and the guidelines of the department.

3. Registration of the Craftsmen

In the field of Handicrafts, Registration is an important scheme, as a result of which the craftsmen have the opportunity to benefit from the various schemes of the Board. Also, through registration, the Board obtains critical statistical data regarding the craftsmen and their crafts which in turn helps in the formulation of new schemes and also helps in gauging the effects of the current schemes being implemented.

4. Tools and Equipment Grant

Tools and equipment of amount up to Rs.5000/- are provided to traditional and trained craftsmen Under this scheme 75% subsidy is provided to the craftsmen of general and backward category

and 100% subsidy is provided to the craftsmen of the SC/ST (scheduled castes and scheduled tribes**) category.

5. Work-shed Development Grant

Financial assistance of up to Rs.10000/- is provided to traditional/trained craftsmen who are financially weak and do not have a work shed to produce the handicrafts. Under this scheme 75% subsidy is provided to the craftsmen of general and backward category and 100% subsidy is provided to the craftsmen of the SC/ST category.

6. Financial Assistance to Cooperative Societies

The objective of this scheme is to provide working capital benefits in the form of Work shed Construction, modern tools, procurement of raw materials etc to the cooperative societies, trusts working in the field of handicrafts. Financial assistance upto a maximum of Rs.25000/- is provided under this scheme.

7. Loan Interest grant for craftsmen

This scheme is especially for the benefit of such craftsmen who have taken loans from bank for the establishment of their handicrafts business. Under this scheme, financial assistance up to Rs.1000/- is provided to such artisans by reimbursing the amount directly to the bank.

8. Study Tours

In order to enhance the knowledge and techniques of the craftsmen, special Study Tours to important handicrafts centers are

organized of duration 7 to 15 days. During the tour Traveling Allowance and Daily Allowance is provided to the artisans as per the norms of the board.

9. Technical and design guidance

In order to achieve higher levels of sales in the market with ever increasing competition, it is very important that the production of the handicrafts should be as per the market demands and trends. Hence, in order to acquaint the craftsmen with the latest developments in the markets:

- a. Workshops and seminars are organized from time to time to update the craftsmen with the latest techniques and developments.
- b. Evolve new designs and make them available to the craftsmen free of cost.

** These refer to the peculiar caste system in the country which categorizes people on the basis of birth having been born in a higher caste or lower caste family. SC and ST represent the low castes. General category does not make reference to the caste of the person. Backward class refers to socially backward citizens irrespective of the caste.

10. State awards for the craftsmen

To maintain a healthy competitive spirit and to encourage the craftsmen for better quality work, State Awards are awarded every year to the craftsmen. The creator of the chosen item is awarded a cash prize of Rs.15000/- and consolation prize winners are awarded Rs.10000/- cash prize along with certificates of winning an award, with a shawl(a type of scroll to be wrapped around the shoulders and

considered a symbol of honour) and shrifal (coconut fruit considered auspicious and offered at occasions of bestowing honour).

THE OTHER CONTEMPORARY STRATEGIC INITIATIVES FROM THE CGHDB

1. Availability of raw material at reasonable rates

It has been observed that in few cases, the raw material for handicraft products is not locally available. Non availability of raw material for the tribal's stands in the way for development. Besides the raw materials becomes a costly input. To meet this requirement CGDHB has made arrangements to facilitate uninterrupted supply of standard raw material to crafts persons in appropriate quantity and quality at reasonable rates.

2. Provision for Special Fund

Development of tribal economy rests with the state governments though funds are released by the Central government. Unfortunately no special fund is released for development of tribal handicrafts. As result there is decay in the quality of tribal handicrafts. To cater to this need CGHDB released special funds for establishing training and design centers at block level in those districts where tribal population was more than 50 percent.

3. Credit Facilities/Financial Support

The crafts persons mostly work on job/contract basis and they do not have enough capacity to store the requisite raw materials to produce their own products, rather they are dependent

upon intermediaries for credit facilities/financial support on higher rate of interest. Furthermore topographically they are residing in remote and far-flung areas having no access to mode of transportation. CGHDB have taken the initiatives to meet the demands by extending credit facilities.

4. Up gradation of technology and production techniques

Despite their best quality of products the biggest handicap of these artisans is the absence of assured market for their products partly due to lack of proper communication system which influences the cost of their products. In such a scenario the prices of their products became costly. In addition, the use of mechanized items and use of plastics as substitutes has eroded the demand for handicrafts.

It has been noticed that quality of the products is not up-to the mark as per market taste and preferences. The tools and equipment are also based on very old and traditional techniques leading to higher cost of production thereby causing difficulties in the sale of final products. Design development production of new items and improvements traditional tools and age old techniques need to be attempted in such items where the originality of the tribal designs is retained. Therefore, based on the requirements CGHDB organizes regular seminars to upgrade the craftsman with latest technology and production techniques. This helps the craftsman to upgrading their skills, product diversifications, product designing, market oriented products

5. Publicity of Tribal Handicrafts

Including handicrafts profile of Tribal state on website and publication of brochures etc. is

helping to promote the state handicrafts. Various display centres / sales outlets at important tourists' destination/ places in the state is being operated by CGHDB to position the handicrafts.

6. Implementation of Welfare Schemes For Artisans

Various welfare schemes like Insurance, Pension, Work-shed, Work-shed- Cum- Housing etc. implemented by CGHDB for the welfare of craftsman's.

7. Setting Up of Urban Haats / Sale Cum Demonstration Centres

In order to promote handicrafts at the places of tourist spots, Urban Haats *** is opened in tribal states to provide regular marketing channel to artisans. State governments have established tribal "Haats" in important cities on permanent basis for continuous interaction.

8. Skill dissemination by Master Artisans in each district

Initiatives are taken by CGHDB to identifying master artisans at state level. Further these master artisans are entrusted with a responsibility of identifying district level artisans and impart Training for Trainers (ToT) to them. These trained district level master artisans will further visit the clusters and disseminate their newly acquired skills to the local artisans. It will result in skill up -gradation of local artisans which will enable them to get good price for their handicraft items.

***Haats are temporary mobile sale locations which in continuation to old traditions take

place once a week at a location to provide convenience to the producers and the consumers to carry out transactions meeting a week's requirement of essentials.

MAJOR OUTCOMES OF THE EFFORTS TAKEN BY CHDB

1. Bastar art goes global

The intricately carved bell metal, wood and bamboo products adorn many a home in India and abroad. But the nearly 20,000 tribal families in Chhattisgarh who craft them have now having direct access to the market that is giving increasing shelf space to the figurines, wall hangings etc .There is rising demand for handicrafts products from foreign countries as well as from various regions of India.

2. Bastar artifacts get patent cover

Exquisite and unique bell metal and traditional handicraft items of the tribal artisans of Bastar in Chhattisgarh have got the patent protection from the Hyderabad-based National Institute of Fashion Technology (NIFT). "The NIFT has issued certificate of patent registration for both bell metal artifacts and handicrafts of Bastar. The certificate has been issued to the Chhattisgarh Handicraft Development Board, which applied for the patent."

The handicrafts are facing a tough challenge from machine made goods. Mass production through automats enjoys the economy of size and as such the cost of production per unit comes down drastically. Besides, the production over machines brings consistency of quality. These are the product parameters which

cannot be ignored. Handicrafts have an appeal, on the other hand in creativity, uniqueness, variety and customization. Chhattisgarh Handicrafts Development Board is playing a crucial role to meet this challenge. The real issues are in marketing: location of markets, identification of customers, access to the customers and understanding the need of the customer. CGHDB has planned strategies of market coverage. The artisans are also getting exposed to new designs and creation of variety to meet the international challenges. The training provided to the craftsman gives them the strength by taking advantage of opportunities, and removing their weakness by converting them to strength and coping with the threats. More importantly, it was the middle man from the urban areas who was the main beneficiary by making a total purchase from the tribal at a throwaway price and making high profits from a visiting tourist. CGHDB has provided an alternate route.

Issues for Discussion

- What marketing concepts are appropriate to promote sale of handicrafts?
- How can CGHDB become more effective in pursuit of its objectives? Why the setup of CGDHB is so hierarchal? Explain
- Will the artisans continue to be dependent on CGHDB created market coverage strategy?
- How can marketing create more value added handicraft?
- Discuss of the value creating mission of marketing from different perspectives of quality, variety and customization.

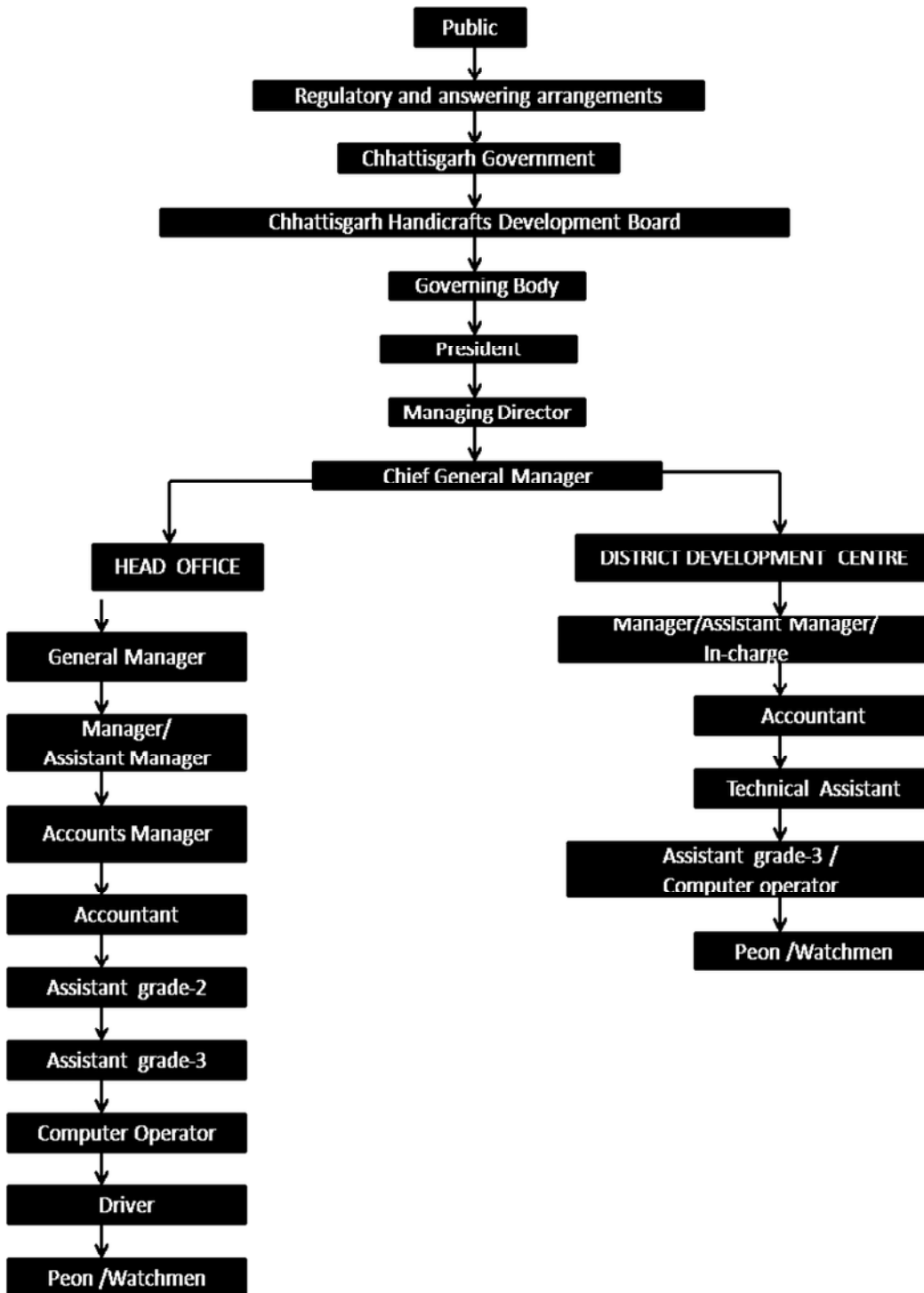
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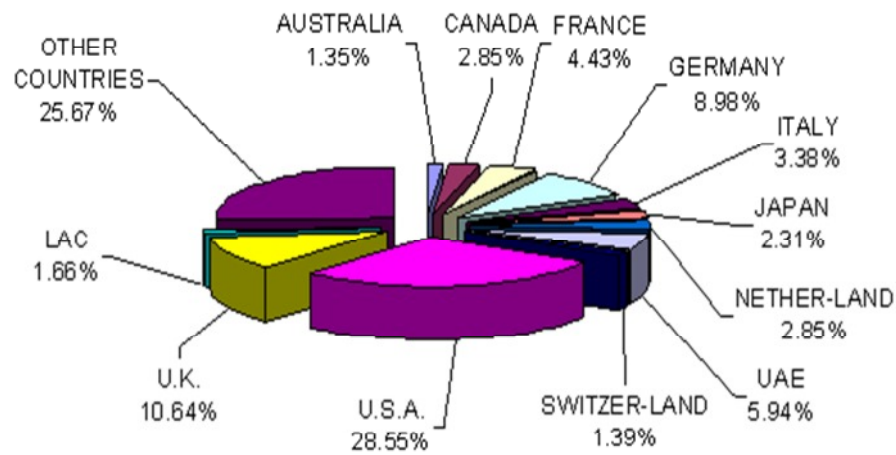
Fig-1: The Organizational Structure of Chhattisgarh Handicrafts Development Board



COUNTRY-WISE EXPORTS OF HANDICRAFTS (Exhibit-1)

Art Metalwares	:	U.S.A., Germany, U.K. & Italy
Wood Wares	:	U.S.A., U.K., Germany & France
Hand Printed & Textiles & Scarves	:	U.S.A., U.K. , Germany & Canada
Embroidered & Crocheted Goods	:	U.S.A., Saudi Arabia, U.K., Germany
Shawls as Artwares	:	Saudi Arabia, U.S.A. Japan & U.K
Zari & Zari goods	:	U.K. U.S.A., Japan & Saudi Arabia
Imitation Jewellery	:	U.S.A., U.K., Saudi Arabia & Germany
Miscellaneous Handicrafts	:	U.S.A., Germany, U.K. & France

COUNTRYWISE EXPORT'S SHARE OF HANDICRAFTS DURING 2009-10

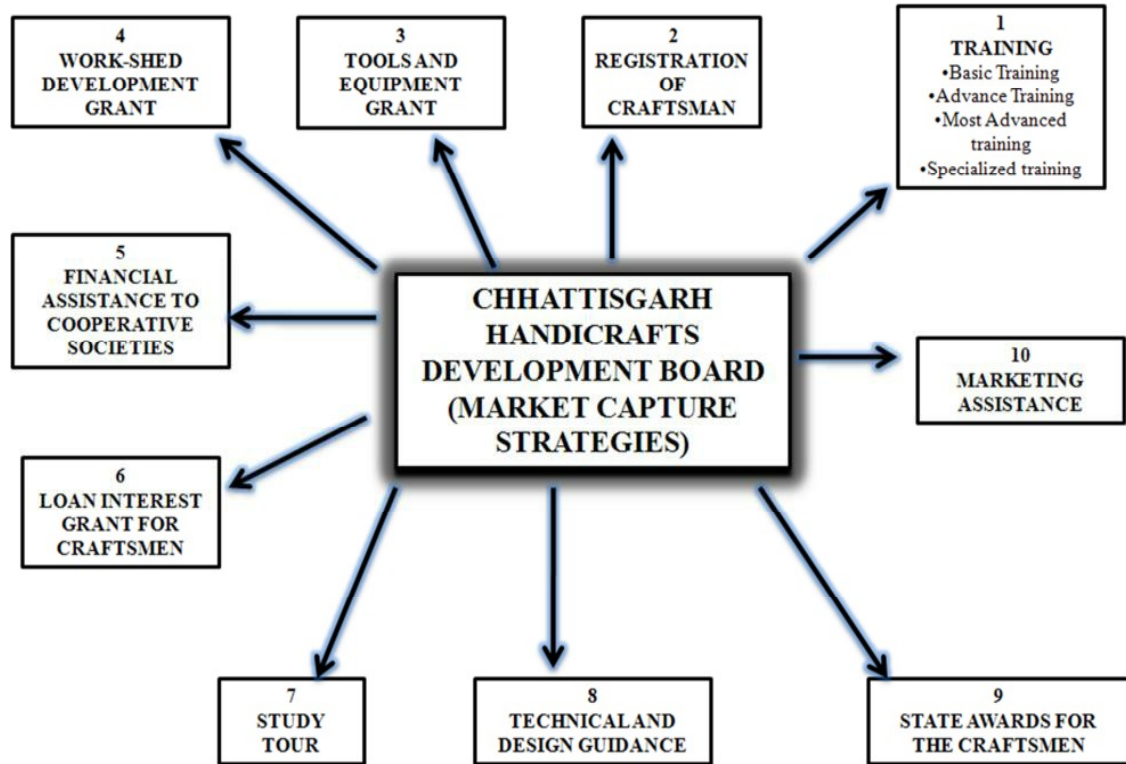


COUNTRY WISE EXPORTS DATA OF HANDICRAFTS (EXCLUDING HAND KNOTTED CARPETS) FOR THE YEAR 2009-10

S.No	COUNTRY	Rs. In Crores			Us \$ in Millions		
		2008-09	2009-10	Increase/Decrease in % over 2008-09	2008-09	2009-10	Increase/Decrease in % over 2008-09
1	AUSTRALIA	108.01	117.3	(+)8.60	23.73	24.62	(+)3.75
2	CANADA	234.25	248.13	(+)5.93	51.47	52.09	(+)1.21
3	FRANCE	361.54	386.6	(+)6.93	79.43	81.15	(+)2.17
4	GERMANY	744.48	782.57	(+)5.12	163.57	164.27	(+)0.43
5	ITALY	270.23	294.58	(+)9.01	59.37	61.84	(+)4.16
6	JAPAN	187.33	201.65	(+)7.64	41.16	42.33	(+)2.84
7	NETHERLAND	231.77	248.7	(+)7.30	50.92	52.21	(+)2.53
8	UAE	478.4	517.99	(+)8.28	105.11	108.73	(+)3.44
9	SWITZERLAND	111.79	121.26	(+)8.47	24.56	25.46	(+)3.66
10	U.S.A	2255.75	2489.19	(+)10.35	495.6	522.52	(+)5.86
11	U.K.	863.11	928.06	(+)7.53	189.63	194.81	(+)2.73
12	LAC	132.53	144.56	(+)9.08	29.12	30.34	(+)5.63
13	OTHER COUNTRIES	2203.93	2238.35	(+)1.56	484.21	469.86	(+)2.96
TOTAL		8183.12	8718.94	(+)6.56	1797.88	1830.23	(+)1.80

Level	Type of Training	Duration
First	Basic Training	06 Months
Second	Advanced Training	06 Months
Third	Most Advanced Training	06 Months
Fourth	Specialized Training	06 Months
Fifth	Workshops	15 to 30 Days

EXHIBIT-4



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