

# Mixing business with culture

Commercial approaches can transform age-old tradition for millions

Skills gaps in various industries are being increasingly highlighted as severe constraints to economic potential. However, business and society have overlooked the existing asset base India possesses. We have created national level structures and disbursed crores of rupees towards closing skills gaps without considering the estimated 200 million craftspeople that possess languishing skills that, if given an enhanced context, can contribute to economic growth, while moving themselves and their families out of poverty. Crafts are viewed as a 'sunset industry' relegated to textbooks and handloom emporiums. Beyond being living embodiments of our cultural heritage and what makes us uniquely Indian, they are market opportunities forgone.

The global market for handicrafts is estimated to be \$400 billion. India's share is less than 2 per cent, which in itself consists of mostly factory-made craft-inspired products. Countries like China are responding to global demand for Indian handicrafts by factory producing Kolhapuri chappals, while India is not capitalising on this to push its own cultural assets.

According to the United Nations, India has lost 30 per cent of its artisans over the past 30 years, indicating that crafts are no longer a viable livelihood opportunity. Traditionally, artisan's markets were local – artifacts made from wood, woven cloth, stoneware, etc, was sold in the village market. However, with industrialisation and price competition from mechanised production, crafts were no longer able to capture local markets. Given the remote locations in which most craftspeople practise their trades, conquering new markets, especially those in urban centres, is a Herculean task.

Artisans in India today are facing an increasingly complex web of challenges in generating a sustainable and adequate income for themselves and their families. These include low productivity, inadequate inputs, information asymmetry, a fragmented value chain and the lack of an enabling environment. Urbanisation and infrastructure growth in rural India, provide many daily wage opportunities. In addition prospects of guaranteed income provided by the MNREGA, creates disincentives to craft production.

Currently, there is a lack of organised systems to efficiently aggregate goods from small producers, carry out quality checks, store goods in warehouses, and supply them to wholesalers and



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retailers. Instead, retailers have to directly source from select producers, often unviable in the long run, resulting in the loss of a large percentage of the market for artisans.

The Government of India, the private sector and non-profits are each involved in the sector, but their roles have evolved in silos, with little specialisation and much duplication. On a policy level there has been no concerted and cohesive effort to address the challenges faced by the crafts ecosystem, with most governmental offerings mired in bureaucracy and inefficiencies. The private sector has contributed to uplifting artisans through different market-led efforts by retail chains, high end-fashion designers and a relatively more recent wave of social businesses. Non-profits have been active in the crafts space since the early 1960s and have evolved numerous models to improve artisan livelihoods.

However, most non-profit groups have focussed on all parts of the value chain from organising artisans to marketing products, largely due to a lack of other players specialising in certain areas. This has resulted in limited capacity to scale their operations. Fresher non-profit approaches focus on one or two parts of the value chain, such as aggregation or working closely with artisan groups. Evidently, traditional grant funded projects for creating crafts production structures have not succeeded in establishing commercially sustainable structures.

A handful of retailers such as FabIndia, Anokhi and Contemporary Arts & Crafts have played a pivotal role in keeping crafts relevant and linked to contemporary consumers. These companies have developed socially conscious business models wherein they work closely with artisans and ensure that they are equal stakeholders in the business. Due to their well-organised supply chains and focus on profitability, they are able to provide consumers with quality products better suited to urban tastes as compared to subsidised crafts available at government-run emporiums.

Dasra's report *Crafting a livelihood* outlines how this can become commercially viable. The role of the private sector, especially mainstream retail in ensuring markets for artisan products, is pivotal to create a self-sustaining ecosystem where commercially viable approaches can transform the sector providing sustainable income to millions. The time to act is now, before we loose out on assets conferred upon us by history and tradition. ♦

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