

NATIONAL HANDICRAFTS POLICY REPORT

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INTRODUCTION

The Ministry of Textiles, Govt. of India recognizes the potential of the handicrafts sector and thereby aims to develop an independent Policy on Handicrafts of India for effectively addressing the key needs and gaps of this sector. The handicrafts sector plays a significant and important role in the country's economy, substantially contributing to large-scale employment generation and exports. It also constitutes the cultural lifeline of the country and represents its rich heritage. The vision of the Policy is to create, support and sustain an enabling environment for the development and growth of the handicrafts sector and for generating sustainable livelihood of thousands of artisans across the country. In order to develop the Policy document, the Ministry has primarily drawn upon the outcomes of the two Consultative meetings chaired by the Minister – one with stakeholders of the Handicrafts sector, and the other with stakeholders of the Handmade Carpet industry. Additionally, existing secondary data from government and other relevant sources as well as primary data from different handicrafts clusters have been drawn upon to strengthen the Policy Framework and Action points.

To meet the objective of poverty alleviation and securing the basic necessities of life, there is a pressing need to enhance livelihoods and employment through growth in manufacturing. More than 25% of the rural population of India is poor. In addition to poverty, they suffer from high levels of social exclusion, low human development indices and social fragmentation in terms of deprivation of SCs, STs and minorities. Sustainable income generation and the provision of social security and services are urgently required. This is a gap that can be addressed by crafts, which already has an established skill and manufacturing base across the country. It is interesting to note that the six states of West Bengal, Uttar Pradesh, Odisha, Andhra Pradesh, Rajasthan and Assam, together account for 65% of all rural handloom and handicraft establishments in India,ⁱ 46% of the rural population of Indiaⁱⁱ and 45% of the rural poor of India.ⁱⁱⁱ Handicrafts is also a pillar of the rural economy in India, and if strengthened and sustained will stem the flood of rural-urban migration.

Thus, a strategy for sustainable employment creation needs to be aligned with the diverse and rich human and natural capital of the country which exists in the handicrafts sector.

OBJECTIVES

The Policy lays down a long-term strategic framework to facilitate and accelerate handicrafts-based entrepreneurship so that this sector can successfully operate as a national creative industry, improving the income of crafts producers and contributing to the national economy. A critical need of the hour is to create an enabling ecosystem for the craft sector so that its producers are valued and respected for their skills and they become active stakeholders and beneficiaries of the larger wealth creation process. Thus an inclusive and socially responsible approach should be taken to support producers through the entire value chain, strengthening both production and marketing, and leveraging their traditional skills into internationally competitive craft products and enterprises.

The broad objectives of the Policy are to:

- focus on improving the livelihoods and socio-economic condition of the practitioners of handicrafts;
- facilitate growth of crafts-based businesses and to make them economically viable;
- create necessary and greater opportunities toward capacity development and excellence, business growth, market promotion and welfare support for the artisans;
- develop effective models of financial and administrative structures to facilitate ease of doing business and to create and support handicrafts-based business development and growth over the long term;
- create a differentiation for genuine handcrafted premium products;
- focus on documentation and conservation of traditional knowledge and skills.

DEFINING THE HANDICRAFTS SECTOR

A comprehensive definition of the handicrafts sector is the first step towards achieving the goals and objectives of the Policy. Handicrafts, as is generally understood, involve hand skills which are used to produce an object of a certain type and quality. The skill bearers are the artisans who are workers of a skilled trade, producing essentially “hand-made” products. These objects may have both aesthetic and utility value, and in India they are traditionally integral to the way of life of the local communities. The evolution of handicrafts, unlike other art forms, is essentially rooted in utilitarian and functional aspects of life, in addition to subtle artistic elements, and the age-old handicrafts traditions have survived till date because of the inherent ability of the artisans to assimilate and respond to their changing ways of lives.

Taking into account the judgement of Hon'ble Supreme Court of India in Louis Shoppe case, The Ministry of Textiles tentatively proposes the definition of Handicrafts as “*Item or product produced through skills that are manual, with or without mechanical or electrical or other processes, which appeal to the eye due to the characteristics of being artistic or aesthetic or creative or ethnic or being representative of cultural or religious or social symbols of practices, whether traditional or contemporary. These items or products may or may not have a functional utility and can be used as a decorative item or gift.*”

However, the Ministry also recognizes the more nuanced definition subsuming more complex variables of the producer, product and process, as provided by the UNESCO/ ITC Symposium:^{iv}

“Artisanal products are those produced by artisans, either completely by hand, or with the help of hand tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. These are produced without restriction in terms of quantity and using raw materials from sustainable resources. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant.”

Acknowledging the complexity of the sector and the fact that there is no universally accepted definition of the term ‘handicraft’, it is a pertinent time to review the definition of handicrafts and categorizations to make it more inclusive. There is the need to expand it to include intellectual property related to handicrafts that hold commercial value, including traditional designs, motifs, textures and storylines. For example, there are increasing examples of Gondh and other tribal arts being used in comic books. Such use of traditional knowledge in other mediums needs to be recognized and encouraged in a manner that ensures increased commercial value of the traditional knowledge of crafts communities and that a significant proportion of such value accrues to the communities concerned.

HISTORY OF THE POLICY ENVIRONMENT

The handicraft industry in India has a history of several centuries and had catered to both domestic and exports markets. There was a decline of the sector during the colonial rule, when the British started importing cheap machine-made goods. During the freedom struggle, efforts were made by national leaders under the aegis of Mahatma Gandhi to protect the cottage industries of India, thus focusing on strengthening decentralized economic activities and industries. After Independence, Kamaladevi Chattopadhyay pioneered the development of handicrafts in national planning, recognizing the importance of artisanal cultures and industries.^v

After independence, the national government emphasized the need for revival and development of the cottage industries and organized an Industries Conference in 1947. The main attention of the Conference was the problems faced by the cottage and small scale industries including handicrafts. The problems identified were: 1) lack of finance; 2) outdated techniques of manufacturing; 3) defective marketing; 4) non-availability of raw materials and 5) competition from mechanised goods whether imported or locally made. The Conference strongly recommended that the Union Government form a Cottage Industries Board to look after traditional occupations and to lift them out of their crisis.

In response to the national policy of strengthening rural and cottage industries for income generation, equitable distribution of wealth and development of entrepreneurship ability, the Central Cottage Industries Emporium was set up to popularise and market products made by these traditional occupations. This was followed in 1952 by the establishment of All India Handicrafts Board (AIHB). Chaired by Kamaladevi Chattopadhyay, the AIHB laid the foundation for the policy framework as also the institutional and programmatic support that revived and promoted the handicrafts sector in the country. The AIHB itself went on to be trifurcated into the Handloom, Handicrafts and Khadi & Village Industries Boards. The offices of the Development Commissioner for Handicrafts and Handlooms were set up in 1980 under the Ministry of Textiles. These two bodies continue to be the primary government agencies dealing with the sector. Under their ambit various programmes and institutions have been set up to strengthen the sector. The Planning Commission included handicrafts among Village and Small Scale Industries sector of the Indian economy and thereby allocated substantial outlay in the Five Year Plans (since 1951) for the development of handicrafts.

SITUATION ANALYSIS

Even though handicrafts are mostly undertaken by households engaged in the unorganized sector, they have made a significant contribution towards enhancing the country's employment and foreign exchange. However, various challenges exist across the different value chain components which hinder effective and result oriented growth of this sector.

Economic Situation

Handicraft has huge potential for economic development of the country. It is considered as one of the most significant employment providing industries of India. Employment in this sector increased from 58.50 lakh in 2008-09 to 72.30 lakh in 2011-12 at a growth rate of 7.3%.^{vi} It was expected to reach 122.91 lakh by 2016-17.^{vii}

The handicrafts census conducted during the eleventh plan period (2007-2012) reported a total of 68.86 lakh artisans engaged in this sector. Of them, 38.61 lakh are females, while 30.25 lakh artisans are males. A majority of the artisans, 36.15 lakhs, belong to backward classes, while 14.32 lakh belong to Scheduled Castes and 5.16 lakh artisans belong to Scheduled Tribes.^{viii} Acknowledging the importance of creating a comprehensive and updated database of artisans across the country, a more recent scheme of the Ministry of Textiles, "Pahchan", is about linking unique artisan IDs to Aadhar cards and initiating Direct Benefit Transfers (DBT) through this ID card. "Pahchan" was launched on 7th October, 2016 nationwide and links various economic, business and social benefits for the artisans. The Ministry has processed more than ten lakh applications so far.

The production of handicrafts (including carpets) during the eleventh plan period declined from INR 31,940.36 crore in 2007-08 to INR 30,257.2 crore in 2011-12.^{ix} The production of handicrafts declined during 2008-09 due to global economic recession. However, the sector soon revived with a growth of 25.75% in handicrafts and 24.36% in carpets during the last two years of the eleventh five year plan. The production is estimated to reach INR 56,257 crore by 2016-17.^x (See Annexure I - Production of handicrafts and carpets during the eleventh five year plan and projection for 2016-17).

As per Ministry of Textiles data, exports are estimated to constitute about 60% of the total production of the handicrafts sector (including carpets), and the remaining 40% is consumed domestically.^{xi} The Export Promotion Council for Handicrafts tracks the exports of handicrafts. According to its estimates, the export of handicrafts reached INR 21,457.91 crores during 2015-16^{xii}. The United States of America is the single largest importer of Indian Handicrafts, followed by the United Kingdom.^{xiii} (See Annexure II - Export of Indian Handicrafts to Various Countries as per 2013-14 data). Despite the revival of the handicrafts industry in the last two years of eleventh plan, India's share in total world handicrafts exports is estimated to be less than 2%. This indicates a potential for raising exports of Indian handicrafts in the largely unexplored international market.^{xiv} (See Annexure III: Export, domestic consumption and production of Handicrafts and Carpets during the eleventh five year plan and projection for 2016-17). According to the Ministry of Textiles, there are eight categories across which exports of handicrafts are tracked, namely,

Art Metalware, Wood Wares, Hand Printed Textiles and Scarves, Embroidered and Crocheted Goods, Shawls Artware, Zari and Zari Goods, Imitation Jewellery, Misc. Handicrafts (Annexure IV: Growth Rate of Handicrafts categories exported).

No organized data exists on domestic sale of handicrafts, making it difficult to analyze and evaluate growth of the domestic market. Data on artisans, crafts, and the socio-economic situation of the artisan population, which is currently not comprehensive and updated, are essential to strategize and plan development of this sector. Such data are also important resources for the markets.

Gaps

The report of the Steering Committee on Handlooms and Handicrafts constituted for the Twelfth Five Year Plan (2012-2017) and the Working Group constituted under it in 2011 provide a considerable amount of data in relation to the handicrafts sector. However, this data is for the eleventh plan period, and data pertaining to twelfth plan period is not available. Current categorization of the crafts is not comprehensive and inclusive enough to accommodate the wide diversity of handicrafts across the country. While export data is continuously tracked and updated by EPCH, production and domestic consumption data is not available systematically. The sixth Economic Census (2013-14), which included handlooms and handicrafts for the first time, did not make a distinction between the two sectors. The Skill India Programme has gained much importance recently, but there is no craft-wise database for skilled artisans which is an essential resource for the markets and designers who can boost business and growth of this sector in a significant way.

Business Environment

Apart from government-driven initiatives, **there is a vibrant environment for craft based organizations in the private sector space.** Various craft enterprises across India use different for-profit and non-profit models to carry out innovative and sustainable solutions to the problems faced by the crafts sector. There are a range of development organizations across India that work to address sustainable livelihood using handicrafts skills, as well as revival and promotion of endangered crafts forms and continuity in practice of the crafts skills by the artisans. In the private sector space, social enterprises that are oriented towards market sustainability are directly working with craft practitioners / organizations / clusters through established and effective marketing mechanisms nationally and internationally with a focus on socially responsible initiatives. Individual artisans and artisan entrepreneurs themselves are doing business and are striving to scale up and grow.

The handicrafts sector being a traditional economic activity is historically embedded in a structure of skilled and primarily home based production and trade. As handicrafts fulfilled mainly the utilitarian and ritual needs of local communities, they have been an active business activity in rural India since ancient times. Highly skilled artisans who constitute the cohort of master artisans design and produce handicraft objects for local traders. The master artisans in turn have artisans under their supervision, who constitute their workforce and carry out production against wages. The sector is highly unorganized and lacks formalized and registered producer bodies and organized enterprises. Bulk of the crafts production takes place in this unorganized set up. This limits access to capital, technology, bulk purchase of raw materials, diverse markets, etc., thus limiting growth. Taking advantage of the unorganized nature, over time more players have engaged in this sector increasing the layers of intermediaries controlling business and pushing the artisans further away from fair income and profit, adding to the plight and exploitation of the smaller artisans. Owing to this marginalization, artisans remain delinked from changing design and market trends, information on buyers, markets and consumer choices and lack negotiation power for fair business terms. As a result of the low income, younger generations are not interested in pursuing and continuing these handicrafts traditions, and instead seek more lucrative employment opportunities elsewhere.

Some of the leading networks and organizations which have enabled and boosted business and growth of this sector over the years include national networks such as the Crafts Council of India, founded in

1964 by Kamaladevi Chattopadhyay, functioning with the support of nine state-level Craft Councils; Dastkar, a Society for Crafts and Crafts people, set up in 1981 to provide capacity building and design support, as well as marketing services through craft bazaars as a platform for rural artisans to sell directly to urban consumers; and Dastkari Haat Samiti, a national association of Indian crafts people established in 1986, working with the objective of providing a common platform to unite craftspersons to work for their own interests, upgrade their skills, innovate their products, and enable them to sell directly to consumers through craft bazaars and urban Haats such as the Dilli Haat. There are several notable regional networks as well. Sasha Association for Craft Producers (SASHA), established in 1978 in West Bengal, is committed to build a fair trade market in the growing domestic market in India. Self Employed Women's Association (SEWA) is a community based organization with a membership of over 2 million informal sector women across 14 states, and has been working for their socio-economic development over the last four decades. All India Artisans and Craftworkers Welfare Association (AIACA), established in 2004, was designed as a network of handicrafts and handloom artisans pan India, and works towards sustainable livelihood generation of artisans through enterprise development support and a national market recognized authentic handicrafts certification called Craftmark. These NGOs have institutionalized good models and best practices and learning from their work can substantially inform policy. However, the scale of intervention and impact is small compared to the size of this sector. There are also innovative and organized design education initiatives, apart from the conventional design institutes, such as Somaiya Kala Vidyalaya (SKV) founded in 2014 in Kutch, and The Handloom School (THS) in Maheshwar, which offers sustained, coherent programmes for developing artisan entrepreneurs. Among social enterprises and crafts businesses, Fabindia is the largest domestic market retailer in India with 144 stores in 35 cities and towns, sourcing products from over 40,000 artisans. Other private crafts businesses include Anokhi and Goodearth which have created niche markets in the high-end handicrafts space. All these crafts businesses have different business models. Among the more contemporary models of artisan owned enterprises, Rangasutra and Industree Foundation are two successful organizations working towards artisan-owned enterprise development and promotion focused on business development and exports. Moreover, there are new and emerging businesses in the crafts sector including designer led enterprises and online markets. E-commerce is opening up as a major market space for crafts having specialized enterprises such as Jaypore.com, itokri, Gaatha.com as well as large e commerce platforms such as Amazon, Flipkart, etc. Another very important group of private sector stakeholders are designers with exclusive brands (Ritu Kumar, Sabyasachi, Anju Modi, etc.), who have had a significant contribution in linking fashion and changing consumer tastes to traditional crafts and making them relevant and appreciated in contemporary markets. There are also the leading handicrafts exporters from India impacting bulk of the export business. Export Promotion Council for Handicrafts (EPCH) which is an apex body of handicraft exporters has over 9000+ members who carry out the bulk of handicraft exports from the country. The major marketing channels for exports include wholesalers, importers and distributors, commission agents / sales representatives, department stores, internet based sales, etc.

Gaps

The unorganized nature of the sector makes it difficult to implement integrated programmes in an outcome-based approach for strengthening artisan enterprises and institutions. Market exploitation continues to marginalize artisans. Lack of access to raw materials, credit and finance, appropriate tools and technology, information and technical knowledge on changing design trends and diverse markets perpetuate the exploitative environment, making artisans nothing more than wage laborers in the sector. Business and market intelligence of the artisans and artisan organizations, including entrepreneurial skills, financial literacy, and marketing and management skills, remain poor, aggravating the lack of negotiation power of the artisans for improved business and livelihood. Regulatory procedures for registration of enterprises, taxation, etc., are complex and there is no provision of organized education and training of artisans to develop their capacities in these areas. Adding to this plight is the lack of recognition of artisan skills and identity, lowering their self-esteem and respect leading to decline in craft skills and forms. There is no comprehensive and unified brand for handicrafts of India making it difficult to promote and position India as a leading manufacturer of exclusive handicrafts in the world market. Even though nationwide networks and social enterprises have worked in this sector for decades, the

learning from their combined wealth of experience, in terms of detailed information on crafts clusters and success stories and models, has not been drawn upon to substantially inform the wider policy debate and implementation strategy for generating sustainable livelihood of artisans.

Standards and Compliance

Within the market environment, compliance to international standards is emerging as a key determinant of the competitiveness of handicraft exports and the ability to access increased export opportunities. Global brands and buyers in key international markets increasingly require suppliers in developing countries such as India to adhere to fair labour practices, workplace standards and environmentally sustainable production. According to EPCH estimates, 70% of Indian handicraft exports are to compliance conscious markets.^{xv} In major western markets such as the US and EU, new laws and regulations governing quality of imports and their impact on consumer and environment are being created and enforced. Global buyers typically have well defined minimum standards for environment, social and working conditions when purchasing products, materials and services. Some global buyers are increasingly demanding compliance over and above those stipulated by laws in respective markets. These norms, sometimes referred to as 'private standards', are constantly evolving over time. Compliance to International Standards is emerging as a key determinant of the competitiveness of handicraft exports and the ability to access increased export opportunities. However, a substantial section of manufacturers in India have not yet been able to ensure compliance with overseas product safety standards and substance regulations.^{xvi}

Measuring and ensuring compliance in the Indian handicrafts sector is a big challenge because of the unorganized nature of the sector. A large number of craft activities take place in households and small units where there is no control over production methods, environmental impact, occupational safety provisions, workplace standards or wages paid to artisans. Leather tanning, pottery and clay crafts as well as metal-based craft processes, for example, cause significant air and water pollution. Fulfilling compliance requirements for global markets also adds a significant cost burden on manufacturers, especially the smaller artisans and artisan organizations. Exporters are required to submit certifications from credible laboratories to international buyers. At present there are limited testing laboratories and third party certification agencies that perform this function in India. The two certifications specific to handicrafts, run by independent agencies, are Craftmark and Vriksh. Even though the Geographical Indications - mechanism to protect the identity and intellectual property of the artisans exist and includes many handicrafts of the country, there is no awareness of its importance, benefits, and use. The number of authorized users in GI certified crafts is very low. The Ministry has also recently undertaken the initiative of developing a Handicraft Mark for the sector.

Gaps

Compliance consciousness, which is important for both international and domestic markets, is lacking in India. The lack of standards and benchmarks for skills, quality, authenticity and social values on the one hand, and environmental sustainability of production processes on the other, reduces business competitiveness of this sector in global markets. Lack of occupational health and safety standards and support towards improving working conditions not only affect the workforce health of the sector but also affect eligibility for export markets. Detailed subsector-wise mapping and need analysis of compliance with respect to raw material and production processes, authenticity, quality, child labour, and workplace safety, in various international markets is absent. Analysis of cost of compliance for producers and cost burden on manufacturers is a serious concern hindering adoption of compliance procedures and related certifications. There is a lack of facilities for testing, including infrastructure and services that are easily accessible at local levels. Manufacturers also do not have the capacity to use such testing facilities effectively and efficiently without training and handholding. There is no compendium or systematic database of existing certification agencies and testing institutions along with cost implications relevant to each handicraft sub-sector / product. Lack of awareness on the importance of certifications among smaller producer units hinders uptake of such certifications. Inadequate promotion and use of certifications and lack of branding for premium high quality crafts having standard certifications have thwarted the growth of international markets.

Government Schemes for Enterprise Development & Promotion and Social Welfare

There are various government programmes and schemes mandated to address the development needs of this sector. It is important to review the whole range of available programmes and provisions to understand the balance between resource availability and actual benefits and outcomes.

Government of India is increasingly focusing on enterprise development and income generation through self-employment in rural India, and is supporting it by a number of schemes and programmes across different ministries. In terms of centrally sponsored schemes, the Ministry of Textiles, which is the apex government body for development of Handicrafts, supports various components such as collectivization and enterprise formation / formalization, skills training, infrastructure development and common facility centres, effective input supply for production, quality control mechanisms, design education, innovation and upgradation, market access and facilitation, financial assistance, certification and promotion, crafts awareness and demonstration programmes, mapping and need assessment, conservation of crafts skills, and social welfare of artisans. The total outlay for Ministry of Textiles in the 2016-17 budget is INR 3350 crore, of which INR 219 crore is allocated for National Handicraft Development Programme.^{xvii} The Ministry has also sought to create cluster assets and community infrastructure through the Comprehensive Handicrafts Cluster Development Scheme (CHCDS). The scheme aims to develop Common Facilities Centres, Raw Material Banks, Resource Centres and physical infrastructure such as roads, water supply, power, etc., in selected clusters. A recent scheme focusing on market development directly for producers, launched in January 2017, is “India Handmade Bazaar”, which is a producers’ online market place benefitting all registered artisans.

Apart from Ministry of Textiles (MoT), some other ministries having relevant enterprise development schemes for this sector include Ministry of Micro, Small, and Medium Enterprises (MSME), and Ministry of Minority Affairs (MoMA), which have announced schemes to promote entrepreneurship among the poor, particularly amongst the rural youth. A few other ministries, such as Ministry of Skill Development and Entrepreneurship (MSDE), Ministry of Rural Development (MoRD), Ministry of Women and Child Development (MWCD), Ministry of Development of North-East Region (MDoNER), Ministry of Tourism, and Ministry of Culture have laid down schemes that can provide substantial impetus for handicrafts.

Besides these, the government has launched programmes such as Make in India, Start-Up India, and Incredible India, to lay emphasis on manufacturing, encourage entrepreneurship, and boost tourism by promoting local culture, heritage, and crafts respectively. These programmes are relevant in today’s scenario of encouraging crafts as a creative manufacturing industry, by providing for skilling, financial assistance, markets, promotion and infrastructure. (See Annexure V – Snapshot of Enterprise Development schemes across different Ministries).

Under the ambit of different Ministries of the Government of India, there are over one hundred social welfare schemes at the national and state levels. These schemes are relevant for artisans and crafts producers, and are targeted towards artisans, women, tribal communities, minorities, and youth. The local administrative offices are responsible for ground level implementation of these schemes including awareness generation, mobilizing uptake and processing benefits. Some of the key social welfare schemes include insurance schemes (such as the PM Jeevan Jyoti Bima Yojana), old age pension scheme, widow pension scheme, education loans scheme, housing scheme, National Family Benefit scheme, scholarship schemes for ST students, transport subsidy scheme, etc.

The nationwide network of civil societies working at the grass-root play a key role in facilitating information dissemination and providing handholding support towards access and utilization of these schemes.

Gaps

Despite the leading role played by the government in developing the craft sector through various schemes and programmes with the intention of providing comprehensive support to cluster and enterprise development as well as social welfare, there are several issues in terms of actual implementation, uptake and effective use of the schemes. Experience in the field shows that there is an information gap between

the local administration and the actual beneficiaries. Lack of planned awareness creation and outreach to the beneficiaries lead to lack of information about the schemes, and poor utilization. The access to schemes is hampered because of complex procedures and criteria, cumbersome paperwork, lack of coordination - of the local administration, long processing times and mis-utilization of benefits at the local level. Moreover, the schemes are distributed across several different ministries with no coordinated strategy of implementation, making it difficult for rural artisans to apply and benefit from them. - There is limited penetration of credit services offered by scheduled banks. The official machinery lacks systems to evaluate and monitor the benefits and results of various schemes that would have improved accountability. There is also a lack of knowledge products that can be useful for this sector as a whole, such as accessible databases of designers, business service providers, market standards and benchmarks for various crafts, national and international design and consumer trends. There is no comprehensive and overarching brand and promotional strategy for Indian Handicrafts. Though the working group for the 12th plan recognized the need to create and promote the "Handcrafted in India" brand on a large scale, such a brand and logo for handicrafts is still on the anvil. Currently, there are no notable consumer campaigns that seek to build Indian handicrafts as a brand among consumers, domestic or abroad.

Institutional Structures

There is a wide range of institutions including ministries, government departments, banks and financial institutions working at the central and regional levels impacting the handicrafts sector.

Government Institutions

The primary statutory agency governing the Handicrafts sector at the central level is the Office of the Development Commissioner Handicrafts [DC(H)] under Ministry of Textiles, which operates through six Regional offices, five Research Design and Technical Development Centres, fifty two Handicrafts Marketing and Service Extension Centres, Field Administrative Cells, twenty three Cane and Bamboo Centres, twelve Carpet weaving-cum-service centres, Bamboo & Cane Development Institute at Agartala (Tripura), Indian Institute of Carpet Technology, Bhadohi (UP), National Centre for Design and Product Development (NCDPD), National Centre for Design Product Development (Society), New Delhi and Moradabad, Metal Handicrafts Service Centre (Society), Moradabad, Handicrafts Export Promotion Council and the Carpet Export Promotion Council, IICTs and other associated autonomous bodies. The Office of the DC(H) is mandated to work for the overall development and growth of the Handicrafts Sector, focusing on socio-economic upliftment of artisans, artisan enterprise development and promotion. (See Annexure VI: Roles and Responsibilities of the various bodies of DCH).

At the State level, the handicrafts sector is governed by state level departments and State Handicrafts Development Corporations (SHDC), which are typically registered as private limited companies and are situated within state departments of Commerce and Industry, sometimes with the Government of India and the state government as shareholders (for example, Karnataka State Handicrafts Development Corporation). The Council of Handicrafts Development Corporations (COHANDS) is an apex body of 29 State / Central level Handicrafts Development Corporations. COHANDS was conceptualized to work as a facilitator, providing necessary impetus, thrust and direction to trade but not engaging in trade directly. It aims to be a catalytic agent for promotion of handicrafts in the domestic and global markets. It preserves and protects the intellectual rights of marginalized regions / communities.

National Institute of Fashion Technology (NIFT), set up in 1986 under the aegis of Ministry of Textiles, Government of India, is a leader in fashion education in India with the ability to integrate knowledge, academic freedom, critical independence and creative thinking.

There are multiple overlaps and convergences between Ministry of Textiles and other relevant Ministries (mentioned in the previous section) wherein objectives, schemes and implementing bodies intersect. Mapping key cross-sectional areas is key to strategizing convergence and maximizing impact.

The **Ministry of Micro, Small and Medium Enterprises (MSME)** governs activities of three sectors related to handicrafts: khadi, village industries and coir, with a focus on employment generation and a

greater stress on credit and financial flows, covering credit, marketing, technology, skill development, infrastructure development, fiscal matters and legal/regulatory framework. It works through the District Industry Centres (DIC) and Khadi and Village Industries Commission (KVIC). Issues of poverty and livelihoods that underpin the craft sector in India lead to overlaps with the mandate of the National Rural Livelihoods Mission (NRLM) of the **Ministry of Rural Development**. NRLM focuses on promoting livelihood collectives and generating sustainable models that can be scaled up and replicated. Various types of crafts and other rural livelihoods activities are subsumed under its strategies. Occupational Health and Safety (OSH), pertaining to achieving a safe and favourable working environment for those employed in industrial units, are overseen by the **Ministry of Labour and Employment**. The norms are specifically applicable to units of a certain scale, i.e., “factories” but may also be recommended as best practices for smaller units. The National Skills Development Corporation (NSDC), currently under the **Ministry of Skill Development and Entrepreneurship**, has the mandate of enhancing, supporting and coordinating private sector initiatives for skill development and has established Sector Skill Councils (including handicrafts) which develop respective National Occupational Standard and Qualification Packs for achieving highly effective, outcome based training programmes. The **Ministry of Environment, Forests and Climate Change** addresses issues of environmental audit, adoption of clean technology in SSIs, waste minimization/cleaner production and environmental management systems, which are growing needs of the crafts industry. Tourism has strong inter-promotional linkages with Handicrafts. The **Ministry of Tourism** and the Ministry of Textiles have prepared a joint action plan to exploit the potential of tourism in marketing handicrafts products through artisan villages as tourist destinations, mega showrooms in metros, sales counters in major places of tourist attraction, fairs and festivals, etc.^{xviii} The **Ministry of Commerce and Industry** governs the registration and award of Geographical Indications (GIs) to Handicrafts products and producers belonging to a specific geographical location or origin in line with the Geographical Indications of Goods (Registration and Protection) Act, 1999. As of July 31, 2016, 1152 GI Authorized users have been registered under the Act for Handicraft Goods.^{xix} National Institute of Design (NID) is an autonomous body under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, offering formal design education in a wide range of areas including those that concern handicrafts such as product design, ceramic and glass design, textile design, furniture design, etc. Safeguarding the Intangible Cultural Heritage and Diverse Cultural Traditions of India is a scheme of **Ministry of Culture**. The scheme was launched to make concerted efforts at safeguarding, promoting, and propagating awareness and interest in intangible cultural heritage of India including traditional craftsmanship. The Tribal Co-operative Marketing Development Federation of India Ltd (TRIFED) is an apex organization under the **Ministry of Tribal Affairs** established for the purpose of marketing products produced and collected by tribal communities. The regional offices of TRIFED collect handicrafts and cottage industry products from producer groups, individual artisans and NGOs, and provide selling platforms by organizing regular exhibitions. Also noteworthy are Integrated Tribal Development Projects / Agencies (ITDPs / ITDAs), established in contiguous areas with more than 50% ST population, providing assistance to tribal artisans in skill development, marketing, and setting up own production units. The **Ministry of Minority Affairs** particularly harnesses the interest of the minorities, and implements a comprehensive Upgrading the Skills and Training in Traditional Arts / Crafts for Development (USTTAD) scheme. It seeks to train artisans, establish linkages with global market, improve employability of existing workers, and conduct necessary research in the sector. The major thrust of the scheme is to link producers with buyers in support of ‘Make in India’ campaign. (See Annexure VII – Mandates and areas of convergence across different Ministries)

Financial Institutions

Micro Units Development and Refinance Agency Ltd (MUDRA Ltd) is a recent initiative launched by the PM (under the Pradhan Mantri MUDRA Yojana - PMMY) to institutionalize MUDRA Bank Loan scheme for development of micro-units and refinancing of MFIs to encourage entrepreneurship in India and provide funding to the non-corporate small business sector. MUDRA loans are extended by banks, NBFCs, MFIs and other eligible financial intermediaries as notified by MUDRA Ltd.

The Small Industries Development Bank of India (SIDBI) is the principal financial institution for the promotion, financing and development of the MSME sector. Some of the relevant schemes are: Scheme for Cane and Bamboo craft, Credit-linked Capital Subsidy Scheme (CLCSS), Technology Upgradation

Fund Scheme (TUFS) implemented by Ministry of Textiles and the SIDBI Foundation for Micro-credit. The funds are disbursed through State Financial Corporations, Cooperative banks, rural banks and NSIC (National Small Industries Corporation).

The National Bank for Agriculture and Rural Development (NABARD) is a national level financial bank designed to regulate credit/financial facilities/subsidies for the promotion and development of SSIs and cottage and village industries among others. Though its main focus is the agricultural sector, its schemes remain relevant for the handicrafts sector as well.

Gaps

The plethora of institutions overseeing activities related to crafts in different verticals and the lack of convergence in terms of schemes, programmes, and operational strategies have introduced inefficiencies at the level of implementation, and hindered the holistic development of the handicrafts sector. The artificial division and compartmentalization of administrative structures addressing common sectors lead to failure to make best use of resources. Addressing this concern, the 12th plan report, 2012 notes: *"The administrative division between handlooms, handicrafts, khadi, coir, micro-industries and other cottage industries, prevents efficient conceptualization of programmes, budgetary allocations and promotion and branding of Indian crafts for all the sectors in a unified manner."*

WAY FORWARD

In the context of the situation analysis and the identified needs and gaps of this sector, the policy framework therefore will focus on review, rationalization and convergence of existing policies and schemes, and take a holistic approach towards crafts enterprise development, promotion and protection, filling in gaps in implementation. The Policy will address need and outcome-based programmes. The Government will act as a facilitator and not as a provider of subsidies, and bring in professionals and private bodies to implement programmes through the PPP model. The strategies toward ease of doing business will include essentially the small producers and units with the objective of their socio-economic upliftment and achieving improved living standards. An integrated approach will be taken towards development of a vibrant crafts based creative industry contributing to the national economy. The key areas of intervention include building the capacity of the sector for increasing market share and employment of handicrafts through enterprise promotion; enhancing competitiveness of crafts clusters through infrastructure, common facility investments and other inputs for strengthening supply; building a unified brand recognition for Indian handicraft producers; and facilitating access of crafts producers to welfare schemes.

Relevant models and approaches within the international policy environment will be studied and adapted wherever relevant for the crafts industry of India. A significant approach is the Creative and Cultural Industries (CCI) model developed by the European Union, and also adopted by the UK government as the "Creative Economy" brand. Broadly, this model views craft as a component of CCI, in convergence with other fields like architecture, publishing, media etc., that involve individual creativity. The rubric of CCI involves a convergence of diverse markets to optimize commercialization and sustainability of the industry, and also facilitates the intellectual property regime and effective monitoring and evaluation along the value chain of production. There are interesting and successful global case studies, learning from which will benefit the development of the craft sector in India. (See Annexure VIII - International Case Studies).^{xx}

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

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

The following section presents the actual Policy Framework and Action Points to be addressed and undertaken by the Ministry for holistic development of the handicrafts sector.

POLICY FRAMEWORK

The policy framework for the Handicrafts Sector is based on key issues and priorities arising from the situational analysis. As seen above, the sector is already crowded with policy and programme directions that have developed over seventy years of independent India's history, and are spread across several ministries and departments of central and state government. The challenge, therefore, is to pull these various streams together and set them in the contemporary context. Gaps in policy and new directions have to be addressed in the context of the growing importance of the market, in pursuit of the sustainable livelihoods and welfare of millions of crafts producers, and their contribution to the economy.

Strategic Framework

The specific policy objectives and key areas of intervention can be summarised as given below:

Objective 1		Desired Outcome
Improve livelihood and socio-economic conditions of handicrafts artisans by developing their capacities		Traditional skills professionalized through necessary inputs leading to increased competitiveness for markets and readiness for enterprise development
Interventions/ Action Areas		
1	Skill upgradation	
2	Design education and training	
3	Efficiency and quality in inputs supply	
4	Access to finance	
5	Technology inputs for production efficiency and reducing drudgery	
6	Market intelligence	
7	Market access	
Objective 2		Desired Outcome
Provide an enabling environment for growth of crafts sector by supporting establishment and growth of artisan based enterprises		Informal crafts sector mainstreamed into formal creative industry
Interventions/ Action Areas		
1	Mobilizing and organizing artisans	
2	Incubation and formalization of crafts enterprises	
3	Common infrastructure	
4	Regulatory environment (taxes, raw material policy, compliance, etc)	
5	Access to credit and finance	
6	Labour, quality and environmental standards	
7	Investment in public goods	
8	Investment in R&D	
Objective 3		Desired Outcome
Create a differentiation for hand crafted products leading to higher and larger profit and market		Indian handicrafts having a comprehensive brand for genuine excellent handicrafts with increased

share by supporting and facilitating effective marketing and branding for the sector	brand value, demand and sale in national and export markets
Interventions/ Action Areas	
1	Certification and GIs
2	“Handmade in India” campaign
3	Market and trade facilitation
Objective 4	
Enhance artisan well-being by designing and facilitating effective schemes	Desired Outcome Improvement of artisan livelihood and greater opportunities created for their welfare and growth
Interventions/ Action Areas	
1	Develop a comprehensive database of artisans and crafts
2	Review and revamp existing schemes
3	Effective convergence with social security and other social welfare schemes
4	Institutional partnerships for effective uptake and utilization of schemes
5	Institutional strengthening for effective implementation of schemes
Objective 5	
Preservation of traditional crafts heritage by ensuring continuity of traditional handicrafts traditions across generations and promoting awareness among the wider public	Desired Outcome Revival and revitalization of traditional knowledge and creative skills
Intervention/ Action Areas	
1	Transmission of traditional knowledge and skills to next generation
2	Documentation of handicrafts skills, especially in endangered crafts
3	Making comprehensive information on handicrafts and artisans accessible to all

Objective 1: Improve livelihood and socio-economic conditions of handicrafts artisans by developing their capacities

Approach: It is recognised that the handicrafts sector as a whole needs to have increased professional and entrepreneurial capacity in order to be competitive in the market. Current interventions for the sector tend to be fragmented in approach, focussing on individual aspects of the production-market cycle. Moreover, they are spread across a plethora of government agencies, with complicated procedures that effectively render them inaccessible to the majority of craftspersons. The requirement is to see craft production in its complete process along with backward and forward linkages; to address the gaps in artisans’ capacities holistically; and to pull together interventions in a manner that is meaningful and accessible to artisans.

Interventions/ Action Areas:

1. Skill upgradation

- a) Skills training to be provided to crafts people, in areas required to establish successful enterprises: entrepreneurship, management, communication, access to finance and design. Trainings to be linked to requirement, feasibility and outcomes.
- b) Traditional craft knowledge and skills to be upgraded and promoted linked to artisan and market requirements and based on outcomes. These training programmes to be designed and implemented in collaboration with master craftspersons as experts to guide the development of skills development modules for crafts: their content, duration and modalities.
- c) Business support and services to be provided through a mix of government and private bodies: institutional linkages to be promoted with the role of government being that of facilitator to ensure right usage of private services and finance.

2. Design education and training

- a) Mainstream design institutes to adopt a more collaborative approach to crafts, recognising the traditional knowledge aspect of crafts, in addition to skills. Design institutes to teach a method of co-design, rather than mere execution by artisans.

- b) Mainstream design education to also teach communication, documentation and business skills alongside design so as to equip design graduates with the skills necessary to work in the crafts sector.
- c) Provision to be made in mainstream design institutes to provide merit based scholarships to youth from crafts communities.
- d) Government to promote customized design and business education for artisans by supporting and facilitating expert private agencies with experience in the area (e.g., in Kutch and Madhya Pradesh) to disseminate and promote localized modules in artisan clusters across the country.
- e) Government to facilitate international exchange programmes for craftspersons in order to give exposure and promote growth and innovation in crafts.
- f) Design training schemes for the craft sector to go beyond product development and shift their approach to devising solutions catering to the needs of the crafts.

3. Efficiency and quality in input supply

- a) Availability of affordable, quality raw materials to be ensured in major artisan clusters. This could be through common facilities or local raw material depots professionally run through PPP models with artisan participation.
- b) Necessary infrastructure to be provided to crafts production clusters to enable them to be competitive.
- c) A credible certification system for raw materials be ensured in raw material depots and common facilities supplying artisans with raw materials, that establishes quality of the materials supplied (e.g., genuine 100% silk yarn, or blend of silk and synthetic, etc.).

4. Access to finance

- a) Flexible and accessible models of credit and finance to be established and special schemes instituted to assist artisans acquire fixed and working capital.
(Access to finance is taken up in greater detail in the next Objective of Enabling Environment).

5. Technology inputs for production efficiency and to reduce drudgery

- a) Improvements in technology used in the production of hand crafts are required in various areas: for improved and alternative raw materials; to reduce drudgery; for designing and business aspects; for finishing processes; for management of ecological resources; for waste management and the reduction of pollution.
- b) A Mission approach to be adopted to identify technical requirements and solutions for crafts, and partnerships be facilitated between artisans and private providers through PPP models; knowledge platforms to be developed to link artisans and technology specialists, financial support schemes, etc.
- c) Government to encourage CSR initiatives of IT companies to provide technology support to common facilities in artisan clusters.

6. Market intelligence

- a) A market intelligence system (offline and online) to be made available to craftspersons through local offices of the DC(H) and common facility centres. This to give national and international market trends, information on trade fairs, raw material price trends, directory of raw material suppliers, etc.
- b) Information on relevant export requirements and compliance standards to be compiled and made available; awareness raising and training on these to be conducted in major artisan clusters.

7. Market access

- a) Government to promote professional market access services for artisans by expert agencies.
- b) Existing market access schemes to be streamlined and improved, ensuring greater inclusiveness across the crafts sector. Marketing schemes to not only enable craftspersons to attend marketing events, but also support costs involved in transporting goods. 10-15 day events, which have high associated expenses of boarding and lodging, to be replaced by more focussed events.

Objective 2: Provide an enabling environment for growth of crafts sector by supporting establishment and growth of artisan based enterprises

Approach: The handicrafts sector is predominantly fragmented and dispersed. A preliminary step to facilitate its inclusion in the mainstream creative industry is to mobilize and organize craft producers. In order to harness the multifarious skills and possibilities of the sector, an enabling environment has to be created that supports artisan based livelihoods and helps artisans move into small and medium industry. However, a “one size fits all” approach would be counter to the very nature of the sector. Different crafts require different inputs, and formulation of policy and interventions needs an understanding of this basic premise. A critical constraint across the sector is the lack of available credit and finance accessible to artisans. Poor recovery rates, lack of marketing facilities for finished products, lack of education of borrowers are some of the reasons cited for the few loans forthcoming to artisans. A shift of approach is required in order to find solutions to the needs of craftspersons and enable them to grow their enterprises into viable business models.

Interventions/ Action Areas:

1. Mobilizing and organizing artisans

- a) Given the unorganized nature of the crafts sector, increased efforts to be made to mobilize artisans to work in collective or formal establishments.
- b) Business regulations governing the sector to be reviewed to encourage formalization/ collectivization/ registration of the collectives.
- c) Recognition and information of highly skilled artisans to be institutionalized so that craft businesses can reach them. Existing databases need to be updated, and need to identify skilled artisans, with a corresponding certification or other identification of skill levels.
- d) Registration of artisan enterprises to be made easier, with hand holding through the initial phase.

2. Incubation and formalization of craft enterprises

- a) Registration of organizations of artisans or enterprises working with artisans to be made easier: greater clarity to be established in identification and classification of Handicrafts in NIC 2008, required for Udyog Aadhar registration of enterprises. Subcategories to be clearly listed to prevent misuse of benefits listed for the crafts sector.
- b) Workshops to be held for awareness and clarification of processes and compliances related to registration, regulations and taxation related to craft business.
- c) Hand holding or incubation of new/ small craft based enterprises to ensure that they can build their business capacities to deal with the various aspects involved in running a viable enterprise.
- d) Business incubators could be facilitated in partnership with appropriate regional and state level institutions.
- e) Annual competitions to be instituted to promote new enterprises with potential, providing them with support over a specified time period with identified milestones.

3. Common Infrastructure

- a) Common facilities are required for raw materials, skills and technology, testing, infrastructure for common processes such as stitching and joinery, ancillary processes in wood and metal craft, finishing, technological augmentation, pre and post production support, storage and trainings.
- b) To be ensured that existing centres with common facilities are functional and accessible.
- c) High cost infrastructure for crafts (such as pollution-free furnaces for pottery, dyeing and glazing facilities of industrial quality standards, finishing units for metal crafts, waste management and recycling facilities, etc.) be facilitated through provision of common facilities for artisans to access locally. Where relevant, solar powered equipment/ facilities can be provided.
- d) Support for establishing common facility centres to be provided to organizations and social enterprises that help towards professionally supporting grassroots level artisans and take the lead in adapting technology for crafts. This could be through grants or support towards lease of land or investment in machinery.
- e) Transportation and logistics to be ensured in major craft clusters with special attention to the needs of voluminous and heavy products.

4. Regulatory environment (taxation, raw material policy, compliance, etc.)

- a) Transparency and accessibility to be ensured in regulations applicable to artisans, so that small enterprises not requiring registration are not harassed at the time of production, marketing or transporting goods.
- b) Implementation of Minimum Wages Act to be ensured in crafts clusters. Special attention to be paid to handicraft production activities performed by women, which are often not recognized or fairly remunerated.
- c) Taxation for hand crafted products to be reviewed to foster growth and promote the artisan sector.
- d) Specific consultations to be held with representatives of concerned craftspersons, producer organizations, craft enterprises, and sectoral experts periodically to review regulations and compliances applying to different crafts. Where relevant, the recommendations to be forwarded to concerned Ministries.

5. Access to credit and finance

- a) Flexible and accessible models of credit and finance and special schemes to assist artisans acquire fixed and working capital are required in order to shift productivity and growth into small and medium enterprises. Loans and schemes must have the capacity to cater to the different requirements, production cycles, seasonality factors, rate and pace of returns that are particular to different crafts.
- b) A National Credit Equity Fund to be established for start-up crafts enterprises and producer groups.
- c) A specific body to be established to facilitate credit synchronized with the craft sector. Its role to be to aggregate the available financing options available to artisans through government schemes as well as financial institutions.
- d) Mechanisms to be established that will enable commercial banks to develop relationships with artisans and provide them loans. This could be through the setting up of a Credit Guarantee Fund to promote lending by banks to crafts enterprises and producer organizations. Vetting or review by a credible NGO or expert agency familiar with the sector may also be considered. Credit rating firms to be supported in giving credit ratings to craft enterprises and producer organizations.
- e) Social enterprises and enterprises working with artisans to be able to access preferential funds for the sector.
- f) Consultations to be held with financial institutions, non-banking financial companies and micro-finance institutions to develop effective credit and finance products for artisans that take account of their business potential.

6. Labour, quality and environmental standards

- a) Consultations to be held with representatives of craftspersons and other sector stakeholders to articulate the specific requirements of the handicrafts sector with reference to labour and environmental standards. These to be shared with the concerned Ministries responsible for regulations in these areas.
- b) A strategy to be developed for capacity building towards implementation of and compliance to prevailing standards.

7. Investment in public goods

- a) Power, connectivity and transport are still a problem in interior areas, and need to be ensured in order for craftspersons in such areas to sustain viable enterprises.
- b) Communications technology has revolutionized the conduct of business in the crafts sector. Connectivity must be ensured in crafts clusters in order to promote this trend.
- c) Common facilities such as roads, power, connectivity, etc. to be ensured
- d) For crafts that require specific resources, provision of improved infrastructure for the same to be ensured in concerned craft clusters (e.g., water for hand-made paper industry; LPG to replace kerosene for small scale glass and ceramic crafts).

8. Investment in R&D

- a) Research and technological improvements need to be supported in raw material (e.g., natural fibres and new materials), waste disposal, packaging, improvements in glazing and dying, reduction of occupational health hazards, etc.
- b) A Mission approach to be undertaken for identification of requirements and solutions in the area of research and technological improvements in the crafts sector.
- c) Institutes for training, testing and product related certifications to be established to cater to requirements of different craft clusters across the country.
- d) A dedicated cell to be established with the mandate of ensuring implementation of new technology and innovations developed by technological institutes. This should give out information, and assist in implementation.
- e) Greater convergence and coordination to be promoted between design/ technological institutes and cluster actors and NGOs.
- f) Industry-craft interface needs to be deeper: specialized agencies and stakeholders active in the sector to be involved through the PPP model. Allocation to be increased to enterprises leading innovation in crafts.
- g) Technical specialists to be empanelled as resource people.
- h) Global experience and expertise to be brought in to inform R&D and support improvements in technology.

Objective 3: Create a differentiation for handcrafted products leading to higher and larger profit and market share by supporting and facilitating effective marketing and branding for the sector

Approach: It is widely recognized that shrinking markets are one of the major threats to the handicrafts sector. This is partly due to changing tastes and the constantly evolving technology of the mechanized and industrialized sector. However, it is equally true that the market for hand crafted products has to contend with mass produced lower priced products masquerading as hand made when in fact they are not so. This is compounded by lack of awareness as the younger generation is increasingly distanced from things traditional or perceived as old fashioned. A two pronged approach is required to combat this: on one hand to differentiate genuine hand made products and promote a simple and credible certification or brand for them. And on the other to support this through a widespread promotional marketing campaign.

Interventions/ Action Areas:

1. Certification and Geographical Indications (GIs)

- a) Certification of genuine/ authentic/ quality hand craft traditions and processes is required to build credibility of craft producers and enterprises. In order for this to be effective, it must be simple and credible.
- b) A unified mechanism to be established for implementation of certification of genuine handicrafts, and convergence in application and compliance.
- c) In the context of multiple prevailing certification agencies, standards, and labels/ marks, existing requirements and compliance mechanisms to be reviewed to avoid duplication and confusion amongst producers and consumers.
- d) A strategy to be developed for capacity building towards implementation of and compliance to prevailing standards.
- e) The number of authorized users of GI certified crafts to be maximized, and artisans be trained and supported to access GI.
- f) A fund to be established for brand promotion of GIs that meet minimum criteria in terms of producer membership and existing commercial activity.

2. “Handmade in India” campaign

- a) The handicraft sector to be promoted through a mass campaign on the lines of the “Incredible India” campaign. “Handmade in India” be planned in coordination with other campaigns promoting culture and tourism.

- b) “Handmade in India” campaign to include associated aspects of hand crafted production such as social and environmental sustainability in order to add value to the brand image of Indian handicrafts.
- c) Strict measures be taken to prevent the misuse of “Handmade”.

3. Market and trade facilitation

- a) Government to play the role of facilitator in supporting artisans to directly access services provided by private bodies, for example: trade fairs, buyer-seller meets, access to market information, online marketplaces, etc. The entire process to be professionalized: from selection of artisans to the services provided.
- b) Hand crafted products to have dedicated and prominent showcasing at trade events such as Indian Handicrafts and Gifts Fair.
- c) Those facilitated to participate in international marketing events to be given an extra 2 days to visit art galleries and markets of the location.
- d) Greater support to be given to start-up craft enterprises to participate in trade events.

Objective 4: Enhance artisan well-being by designing and facilitating effective schemes

Approach: As elaborated in the situational analysis of the sector, there is no shortage of welfare and enterprise development schemes for artisans. Welfare being a cross-cutting theme across various ministries, there are numerous schemes and programmes artisans are eligible for. In fact the first requirement is awareness and information dissemination of the various benefits and programmes that are available, as also updated information on the precise size and spread of the artisan sector. Existing schemes need to be reviewed before new interventions are designed to cater to specific need gaps. Of equal import is the effective implementation of schemes, which would benefit from simplification, the use of available technology, and institutional partnerships with agencies in close touch with the sector.

Interventions/ Action Areas:

1. Develop a comprehensive database of artisans and crafts

- a) Definition of handicrafts to be clarified as a first step to mapping the sector.
- b) An updated digitized database of artisans to be created. Technology to be used to link this with government schemes.
- c) Multiple Ids to be avoided: Artisan ID (Pehchaan) which is linked with UID, to be effectively institutionalized across the handicrafts sector. Technology to be used to link all schemes and direct benefit transfers to Artisan ID and bank accounts.

2. Review and revamp existing schemes

- a) Conditions of eligibility for government schemes, and identification and selection of artisans getting Artisan Cards to be reviewed to ensure that only genuine craftspersons are receiving them.
- b) Identification and selection of National and State Awardees and Shilp Gurus to be reviewed and transparency ensured in the process.
- c) Inclusion and equal access of women artisans to be ensured in all schemes and entitlements.
- d) Existing schemes to be reviewed in terms of their complexity and flexibility to cater to specific realities of diverse artisan requirements. Schemes and programmes to lay down broad guidelines and indicators, but provision be built in for artisan beneficiaries to specify details according to their particular requirements.
- e) Application procedures to be simplified and a single window approach be followed. Locally available technology to be used for transparency and accessibility of application and monitoring of schemes, proposals, approvals and reporting.
- f) Artisans and expert agencies working in the sector to be represented on bodies that decide on welfare measures and policies related to craftspersons.
- g) Beyond set schemes of government, provision to be made for artisans to put up their own innovative proposals for assistance specific to their requirements.

3. Effective convergence with social security and other social welfare schemes

- a) Information on government schemes to be made easily accessible and sources of information be made more localized.
- b) A cell to be created at district/sub-district level to assist artisans access government schemes.

4. Institutional partnerships for effective uptake and utilization of schemes

- a) To combat the patchy and often poor awareness among artisans of government schemes and programmes, official machinery to harness local bodies such as Gram Sabhas and use locally relevant media such as posters, microphone announcements, and SMS to disseminate information.
- b) Local outreach and partnerships with local bodies and nodal and local NGOs to be established for effective implementation and monitoring of schemes.

5. Institutional strengthening for effective implementation of schemes

- a) Monitoring and evaluation (M&E) of schemes to be carried out at regular intervals to ensure implementation and effectiveness.
- b) Third party social audits of schemes and implementation agencies to be institutionalized for improved planning and strategizing.
- c) Functioning of the various relevant offices to be reviewed to strengthen implementation of schemes and programmes and ensure appropriate allocation and deployment of trained human resources.

Objective 5: Preservation of traditional crafts heritage by ensuring continuity of traditional handicrafts traditions across generations and promoting awareness among the wider public

Approach: The diversity and richness of India's living craft traditions is a unique strength the country can take pride in. Changing social and market dynamics are effectively leading to the extinguishing of certain crafts, while others are evolving to remain relevant. Artisans themselves as also other stakeholders in the sector, recognize that traditional knowledge, skills and aesthetics are a foundation which must be conserved. It is upon this bedrock that contemporary innovation and design must build genuine, modern, and evolving hand crafted products that are relevant in the market, and provide employment and livelihoods to their creators. Knowledge of traditional skills and their ethos must also be accessible in the wider public domain.

Interventions/ Action Areas:

1. Transmission of traditional knowledge and skills to next generation

- a) Shilp Gurus and National Awardees to be resource people and trainers for young artisans from traditional communities as well as new artisans interested in learning the craft.
- b) Skills training in crafts to be developed by specialized agencies in partnership with master craftspersons, expert private bodies and NGOs. These trainings to build on existing models of qualification packs and national occupational standards for the crafts sector.
- c) Special attention to be given to the development of content, methods and duration of trainings and to the selection of trainees, so as to ensure that the trainings are outcome based and lead to improved engagement of artisans in income generating activities.

2. Documentation of handicrafts skills, especially in endangered crafts

- a) Design institutes to be supported to expand crafts documentation to include oral histories of crafts persons, traditional know-how, design history and design vocabulary. While required for all craft traditions, this to be done especially for endangered crafts.
- b) Interactive spaces to be designed in existing museums with scope to meet artisans, to document as well as promote awareness of craft traditions.

3. Making comprehensive information on handicrafts and artisans accessible to all

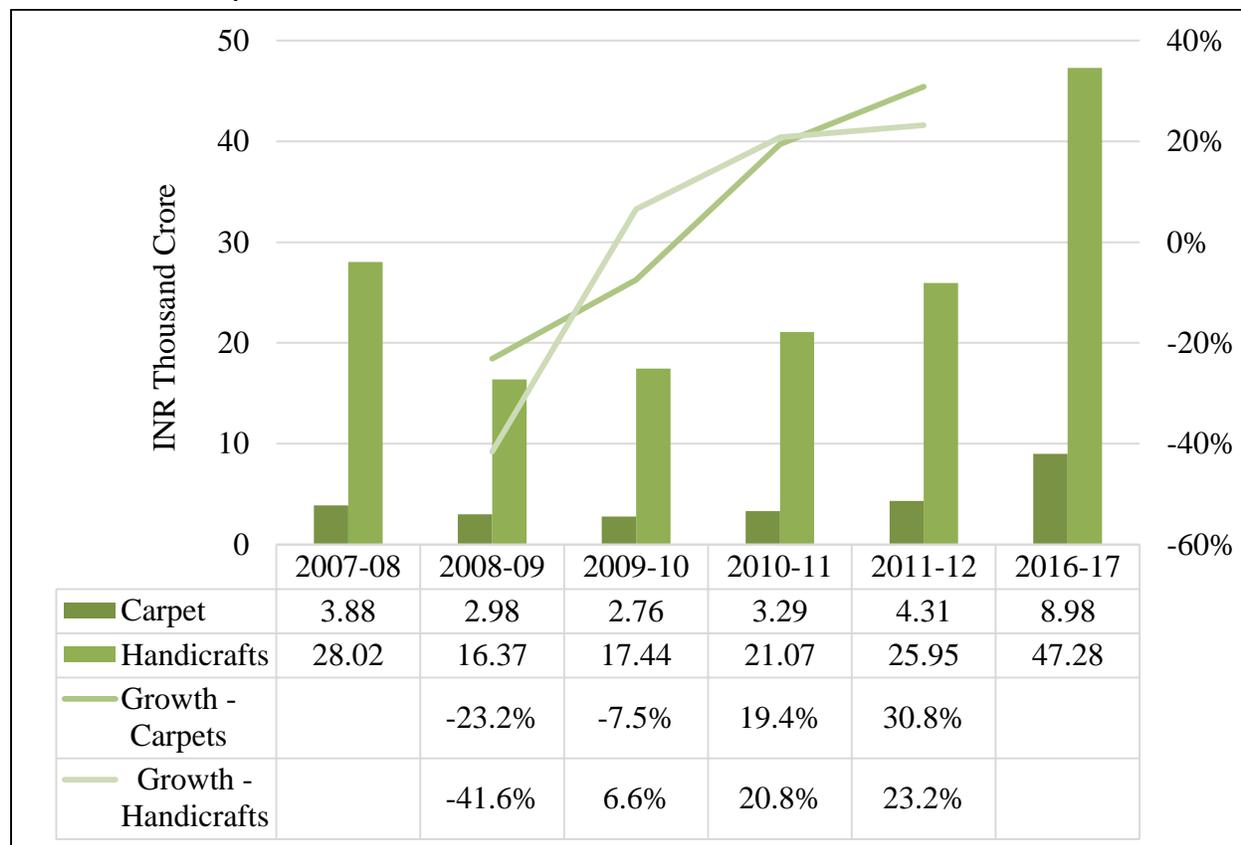
- a) Mainstream school education to include modules on traditional crafts including interaction and instruction from traditional craftspersons.
- b) Existing archives and documentation of traditional crafts be made open access.

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- i Provisional report of the Sixth Economic Census, 2014
- ii Census 2011
- iii http://planningcommission.nic.in/reports/genrep/pov_rep0707.pdf
- iv UNESCO/Information Technology Community (UNESCO/ITC) International Symposium on “Crafts and the International Market: Trade and Customs Codification”, Manila, Philippines, October 1997
- v http://ccrtindia.gov.in/downloads/other/lecture_5_pro_ashoke_chatterjee.pdf
- vi Twelfth Five Year Plan (2012-2017), Economic Sectors, Volume II, Planning Commission, Government of India
- vii Working Group Report on Handicrafts for 12th Five Year Plan, Ministry of Textiles, Government of India
- viii Data retrieved from the Office of Development Commissioner (Handicrafts) website (www.handicrafts.nic.in) on January 14, 2017
- ix Twelfth Five Year Plan (2012-2017), Economic Sectors, Volume II, Planning Commission, Government of India
- x Working Group Report on Handicrafts for 12th Five Year Plan, Ministry of Textiles, Government of India
- xi Report of the Steering Committee on Handlooms and Handicrafts Constituted for the Twelfth Five Year Plan (2012-2017), Planning Commission, Government of India
- xii Annual Report 2015-16, Export Promotion Council for Handicrafts
- xiii Annual Report 2014-15, Ministry of Textiles, Government of India
- xiv Report of the Steering Committee on Handlooms and Handicrafts Constituted for the Twelfth Five Year Plan (2012-2017), Planning Commission, Government of India
- xv Working Group Report on Handicrafts for 12th Five Year Plan, Ministry of Textiles, Government of India
- xvi <https://cemarking.net/importing-china-dont-neglect-certification-requirements/>
- xvii <http://indiabudget.nic.in/ub2016-17/eb/po.pdf>
- xviii <http://www.cicr.org.in/pdf/press/29-12-2015.pdf>
- xix <http://dipp.nic.in/English/questions/08082016/lu3498.pdf>
- xx Creative Economy Report, 2013, Special Edition – Widening Local Development Pathways, United Nations / UNDP / UNESCO (retrieved February 2, 2017)
<http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf>

ANNEXURES

Annexure I

Production of Handicrafts and Carpets during Eleventh Five Year Plan¹ and Projection for 2016-17²(INR in Thousand Crore)



¹ Report of the Steering Committee on Handlooms and Handicrafts Constituted for the 12th Five Year Plan (2012-2017), Planning Commission, Government of India

² Working Group Report on Handicrafts for 12th Five Year Plan, Ministry of Textiles, Government of India

Annexure II

Export of Indian Handicrafts to Various Countries (as per 2013-14) ³

Countries	Share	Countries	Share
United States of America	26.31 %	Netherlands	2.91%
United Kingdom	9.87%	Canada	2.29%
United Arab Emirates	8.96%	Australia	1.87%
Germany	7.92%	Japan	1.58%
France	4.45%	Switzerland	0.92%
Latin American Countries	3.92%	Other Countries	25.63%
Italy	3.37%		

³ Annual Report 2014-15, Ministry of Textiles, Government of India

Annexure III

Exports, Domestic Consumption, and Production of Handicrafts and Carpets (in INR crore) during the Eleventh Five Year Plan⁴ and Projection for 2016-17⁵

	2007-08	2008-09	2009-10	2010-11	2011-12	2016-17
Handicrafts						
Export	14,012.00	8,183.00	8,719.00	10,534.00	12,975.25	28,368.00
Domestic Consumption	14,012.00	8,183.00	8,719.00	10,534.00	12,975.25	18,912.00
Production	28,024.00	16,366.00	17,438.00	21,068.00	25,950.50	47,280.00
Carpets						
Export	3,254.73	2,708.73	2,505.33	2,992.70	3,876.02	8,079.00
Domestic Consumption	622.47	270.87	250.53	299.00	430.66	898.00
Production	3,877.20	2,979.60	2,755.86	3,291.70	4,306.68	8,977.00
Handicrafts and Carpets						
Export	17,266.73	10,891.73	11,224.33	13,526.70	16,851.27	36,447.00
Domestic Consumption	14,634.47	8,453.87	8,969.53	10,833.00	13,405.91	19,810.00
Production	31,901.20	19,345.60	20,193.86	24,359.70	30,257.18	56,257.00

⁴ Report of the Steering Committee on Handlooms and Handicrafts Constituted for the 12th Five Year Plan (2012-2017), Planning Commission, Government of India

⁵ Working Group Report on Handicrafts for 12th Five Year Plan, Ministry of Textiles, Government of India

Annexure IV

Growth Rate of Handicraft Categories Exported⁶

Handicraft Categories	2014-15	2015-16	2016-17*
Art Metalware	34.7%	-28.3%	26.1%
Wood Wares	1.3%	16.4%	-3.0%
Hand Printed Textiles and Scarves	181.0%	50.0%	12.7%
Embroidered and Crocheted Goods	-32.0%	20.4%	11.5%
Shawls Artware	232.9%	-67.6%	11.7%
Zari and Zari Goods	40.3%	31.7%	-11.0%
Imitation Jewellery	-10.0%	8.1%	-12.0%
Misc. Handicrafts	-7.3%	16.6%	22.4%

It can be seen from the above table that hand printed textiles and scarves reported an average growth rate of 81.3% per annum across three years. The export of imitation jewellery declined at an average rate of 4.6% per annum during the last three years.

Art metalware, the highest exported handicrafts category grew at an average rate of 10.8%, while shawls Artware, which has the least share amongst exported items, grew at an average rate of 59%.

⁶ Data shared by the Office of the Development Commissioner, Handicrafts, Ministry of Textiles, Govt. of India

Annexure V

Snapshot of Schemes Supporting Development of Handicraft-based Enterprises

Scheme	Enterprise Promotion	Inputs and Production	Marketing	Assistance in Complying with Regulations	Mapping and Needs Assessment	Financial Assistance
Development Commissioner (Handicrafts), Ministry of Textiles (DCH)	<ul style="list-style-type: none"> • Dastkar Shashktikaran Yojna • Handicrafts Training Program • Guru Shishya Parampara 	<ul style="list-style-type: none"> • Raw Materials Depot • Common Facility Centres • Handicrafts Mega Cluster Mission • Testing Laboratories • Design Banks • Craft Based Resource Centre 	<ul style="list-style-type: none"> • Urban Haat • Mini Urban Haats • Marketing and Sourcing Hubs in Urban Areas • Integrated Handicrafts Parks • Crafts Villages 	<ul style="list-style-type: none"> • Compliance, Social and Other Welfare Measures 	<ul style="list-style-type: none"> • Design and Technology Up-gradation 	<ul style="list-style-type: none"> • Credit Guarantee Scheme • Interest Subvention Scheme • Financial Assistance for Supply of Tools, Safety Equipment, Looms, and Furnace etc.
Ministry of Micro, Small, and Medium Enterprises (MSME)	<ul style="list-style-type: none"> • Assistance to Training Institutions • Micro and Small Enterprises Cluster Development Programme (MSE-CDP) • Prime Minister's Employment Generation Programme (PMEGP) • Revamped Scheme of Fund for Regeneration of Traditional Industries 	<ul style="list-style-type: none"> • National Manufacturing Competitiveness Programme (NMCP) • Raw Materials Assistance 	<ul style="list-style-type: none"> • Marketing Assistance • Single Point Registration Scheme (SPRS) 	<ul style="list-style-type: none"> • ISO 9000/ISO 14001 Certification Reimbursement 		<ul style="list-style-type: none"> • Performance and Credit Rating • Bank Credit Facilitation • Credit Linked Capital Subsidy (CLCS) for Technology Upgradation

Scheme	Enterprise Promotion	Inputs and Production	Marketing	Assistance in Complying with Regulations	Mapping and Needs Assessment	Financial Assistance
	(SFURTI)					
Ministry of Skill Development and Entrepreneurship (MSDE)	<ul style="list-style-type: none"> Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 					
Ministry of Finance (MoF)						<ul style="list-style-type: none"> Pradhan Mantri Mudra Yojana
NABARD						<ul style="list-style-type: none"> Swarozgar Credit Card Producer Organisations Development Fund (PODF)
Ministry of Development of North-Eastern Region (MDoNER)	<ul style="list-style-type: none"> Capacity Building and Technical Assistance (CB&TA) 					<ul style="list-style-type: none"> North-East Handloom Handicrafts (NEHH) Women Enterprise Development (WED) Working Capital Term Loan (WCTL)
Ministry of Minority Affairs (MoMA)	<ul style="list-style-type: none"> Seekho aur Kamao (Learn and Earn) USTTAD (Upgrading the Skills and Training in Traditional Arts/ Crafts for Development) 					<ul style="list-style-type: none"> Concessional credit through National Minorities Development and Finance Corporation (NMDFC)

Scheme	Enterprise Promotion	Inputs and Production	Marketing	Assistance in Complying with Regulations	Mapping and Needs Assessment	Financial Assistance
Ministry of Commerce and Industry						<ul style="list-style-type: none"> • Export Credit Guarantee Corporation of India Limited Schemes
Ministry of Rural Development (MoRD)	<ul style="list-style-type: none"> • Deen Dayal Upadhyay – Grameen Kaushal Yojna (DDU-GKY) • National Rural Livelihoods Mission • Training Schemes – SIRD, ETC • Training through RSETIs 					
Ministry of Women and Child Development (MWCD)	<ul style="list-style-type: none"> • Training and Employment Programme for Women (STEP) 					
Ministry of Tourism	<ul style="list-style-type: none"> • Swadesh Darshan 					

Annexure VI

Roles and Responsibilities of the various bodies of the Office of the Development Commissioner (Handicrafts)

The 6 regional offices are mandated to facilitate the overall development and promotion of handicrafts and artisans through provision of timely and quality service. Research Design and Technical Development Centres assist artisans through contemporary designs, new methods of production, training in Design Centres on different aspects of designs and production, and establish linkages with markets for promoting commercial production of new market tested products. Handicrafts Marketing and Service Extension Centres are mandated to fulfil a range of services including registration of artisans, creation of area directory and database of local crafts, skills and design training, assistance and training for use of improved tools and technology, common infrastructure set up, market information dissemination and linkages, and implementation of various schemes. Carpet weaving-cum-service centres are mandated to providing timely and quality service for the overall development and growth of the carpet sector and to work with artisans/artisans groups for their sustained development and promotion. Carpets Export Promotion Council supports and promotes carpet sector through organizing participation in fairs and exhibitions, sending delegation of its members abroad to explore overseas market opportunities, and providing business as well as social welfare support for its members.

The broad duties of the various arms of DCH are summarized in the following table:⁷

Body	Broad Duties
Office of DC (Handicrafts)	<ul style="list-style-type: none">• Overall development and growth of the Handicrafts Sector.• To continue to strive for socioeconomic upliftment of artisans.• Developing entrepreneurship among the artisans.• Promoting community enterprise.• Expanding reach of the handicrafts in domestic and global markets.• Providing better tools, technologies and designs to artisans.• Using IT tools for furthering the artisans interests.• Take up census/surveys useful to the sector and the Government for policy planning
Regional Offices	<ul style="list-style-type: none">• To providing timely and quality service for the overall development and growth of the Handicrafts Sector.• To be a friend, facilitator and philosopher in overall development and promotion of handicrafts and artisans.• To work with artisans/artisans groups for their sustained development.• To provide better tools, technologies and design to artisans to value addition on a continuous basis.• To use IT tools for furthering the artisans interests.

⁷ http://handicrafts.nic.in/pdf/dc_hc_rti_manuals_1_to_17.pdf

	<ul style="list-style-type: none"> • To issue necessary certificates to exporters expeditiously. • To work in close co-ordination with entrepreneurs/marketers/exports for forging improved market linkages. • To facilitate timely flow of information amongst stake holders
<p>Research Design and Technical Development Centers</p>	<ul style="list-style-type: none"> • Provide guidance for promoting and restyling the traditional handicrafts of vitality and good design into products to suit the present day requirements. • Assist craftsman in developing new designs and demonstrate to them new methods of production. • Visit craftsman in their places of work and provide them on the spot assistance in solving their design and production related problems. • Provide training to craftsmen at the premises of the Design Centres in different aspects of designs and crafts production. • Provide prototypes on loan basis, blue prints, photographs and working drawings etc. of designs for test marketing and commercial production. • Maintain contact with marketing agencies and encourage them to undertake commercial production of new market tested products
<p>Handicrafts Marketing and Service Extension Centers</p>	<ul style="list-style-type: none"> • Registration of Artisans. • Preparation of village to village survey and preparation and updation of data base on various parameters relating to handicrafts. • Preparation of Area Directory and directory of important crafts. • Preparation of directory of capable manufacturers. • Assistance to artisans/artisan's group/cooperatives/ NGOs/ Corporations/ other agencies in formulation of proposals for availing assistance from the O/O DC(Handicrafts) under its existing schemes and/ or financial institutions under different schemes. • Assistance for revival of languishing crafts. • Organization of workshops to ascertain the needs and requirements of the artisans/clusters with a view to formulate schemes and take follow up action with concerned Department/Agencies for its redressal. • Assistance in organizing design workshops through designer and RD & TDCs for educating craftsmen on new products/designs as per market demand. • Assistance as a Technology Transfer Centre by organizing training in use of improved tools and technology. • Organization of trainings for skill up gradation of artisans. • Formation of Self Help Groups and Thrift & Credit Societies and Establishment of vibrant and member controlled community based enterprises. • Dissemination of all market related informations from entrepreneurs/ marketers/exporters and designers to artisans for establishing improved market linkages.

	<ul style="list-style-type: none"> • Assistance in organizing market analysis programme. • Assistance in organizing market clinics. • Nomination of artisans for participation in Exhibitions, Expos, Craft Bazars etc. • Assistance in promotion of crafts of one place in other markets within the country through exhibitions. • Assistance in launch and test marketing of new products. • Popularization, propagation and promotion of handicrafts through a variety of media mix like posters, catalogues, brochures, video films and websites. • Assistance in operation and updation of data on Handicrafts Portal for effective buyer-seller linkages and e-commerce. • Assistance for establishing permanent marketing outlets like Emporia and Urban Haats. • Setting up of Common Facility Service Centers for providing technical support and infrastructure for quality production. • Assistance for Group Insurance and Health Package Insurance of artisans • Assistance for construction of worksheds and worksheds-cum housing for artisans for improving their working conditions. • Implementation and monitoring of various schemes of Office of the DC[Handicrafts]. • Submission of timely returns/data to Regional Offices, Headquarter Office and other Field Offices of Office of the DC[Handicrafts] including those of the State Governments.
<p>Carpet weaving-cum-service centers</p>	<ul style="list-style-type: none"> • To providing timely and quality service for the overall development and growth of the Carpet Sector. • To be a friend, facilitator and guide in overall development and promotion of artisans engaged handicrafts. • To work with artisans/artisans groups for their sustained development. • To provide better tools, technologies and design to artisans. • To use IT tools for furthering the artisans interests. • To work in close co-ordination with entrepreneurs/marketers /exporters/ Handicrafts Development Corporations for forging improved market linkages. • To facilitate timely flow of information amongst stakeholders.

<p>Exports Promotion Council for Handicrafts⁸</p>	<ul style="list-style-type: none"> • Providing commercially useful information and assistance to members in developing and increasing exports. • Offering professional advice and services to members in areas of technology upgradation, quality and design improvement, standards and specifications, product development, innovation etc. • Organising visits of delegation of its members abroad to explore overseas market opportunities. • Participating in specialized International Trade Fairs of handicrafts & gifts. • Organizing Indian Handicrafts and Gifts Fair at New Delhi. • Interaction between exporting community and Govt. both at the Central and State level and representation in almost all the committees / panels of Central and State and represents in almost all the committees / panels of Central and State. • To create an environment of awareness through Workshops on "Export Marketing, Procedures and Documentation", Packaging, Design Development, Buyer Seller Meet, Open House etc. interaction with Central and State Govt. and various other similar programmes. • Dissemination of government notification, orders, information on trade and other relevant information to members.
<p>Carpets Export Promotion Council⁹</p>	<ul style="list-style-type: none"> • Organizing participation in fairs and exhibitions • Organizing visits of delegation of its members abroad to explore overseas market opportunities • Liaising with government • Advising government on export import policy matters • Coordinating with various Government agencies/departments with regard the issues faced by members • Contesting trade distortion measures such as anti-dumping duty, safeguard duty and works towards removing Non-Tariff Barriers impacting Indian exports of Handmade Carpets and allied Sector • Providing inputs to the government to promote interests of India's Handmade Carpets, Rugs, Floor coverings and handmade Durries and derivatives products in multilateral consultations such as WTO, ATC, FTA, PTA, UNCTAD etc. • Conducting Survey to assess the supply-demand situation well in advance so that effective export strategy can be chalked out. • Conducting market surveys, market study in India and abroad and providing market intelligence through various cluster studies, research reports, journals and news magazines of Council • Providing Effective Dispute Settlement Mechanism: • Recommending Visa Recommendation Letters to foreign Embassies situated in the vicinity of Delhi and elsewhere, for business promotion and other allied activities in respect of Members

⁸ http://www.epch.in/index.php?option=com_content&view=article&id=57&Itemid=190

⁹ <http://www.indiancarpets.com/pdf/Key%20functions.pdf>

	<p>companies</p> <ul style="list-style-type: none">• Increasing productivity by upgrading technical skills of professionals engaged in the sector, the Council organizes various training programmes, capacity building training programmes at different locations throughout India• Offering professional advice and services to members in areas of technology upgradation, quality improvement, standards and specifications, market survey, MoUs, Business Tie ups with foreign stakeholders etc• Information dissemination• Opening of training centers throughout India• Undertaking welfare measures / activities
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Annexure VII

Mandates and areas of convergence across different Ministries

Ministry of Micro, Small and Medium Enterprises (MSME)

The **Ministry of Micro, Small and Medium Enterprises (MSME)** governs activities of three sectors related to handicrafts: khadi, village industries and coir. The chief aspects distinguishing the functioning of this organization from the Ministry of Textiles is a greater emphasis on the operational side of manufacturing, a focus on employment generation and a greater stress on credit and financial flows. In addition, MSME schemes are similar to the textiles programmes covering credit, marketing, technology, skill development, infrastructure development, fiscal matters and legal/regulatory framework. These programmes are implemented through various organizations under the Ministry, commercial banks and Small Industries Development Bank of India (SIDBI) and the State/UT Governments. Areas of priority for the MSME sector include technological advancement and upgradation, corporatization of the sector and developing a public procurement policy to increase market share, encouraging innovations, mainstreaming via establishing a number of business incubators in educational institutions and expanding the outreach of various schemes. There are multiple overlaps and convergences with the Handlooms and Handicrafts sector, clearly making MSME a major stakeholder with learnings and indicators that are valid for crafts and creative industries. MSME is also viewed as the cradle of innovation for the “Make in India” initiative, a major manufacturing drive.

The **District Industry Centers (DICs)** function at the district level and are a critical point for ensuring the transformation of policy into programmatic action. The DICs are a platform where MSME, Small-Scale Industry and Khadi intersect, and provide a channel for operations at the Block and Gram Panchayat levels. They implement schemes involving artisanal production in the areas of metal work, wood craft, carpet weaving etc. through schemes for provision of production spaces, industrial parks, training, marketing, etc.

The **Khadi and Village Industries Commission (KVIC)** is an apex organization under the Ministry of MSME with the objective to "plan, promote, facilitate, organize and assist in the establishment and development of khadi and village industries in the rural areas in coordination with the other agencies engaged in rural development wherever necessary"¹⁰. Apart from its zonal offices, KVIC has offices in 29 states to implement its various programmes.

Ministry of Rural Development

Issues of poverty and livelihoods that underpin the craft sector in India lead to overlaps with the mandate of the **National Rural Livelihoods Mission (NRLM) of the Ministry of Rural Development**. NRLM being a livelihoods mission, there is a need for significant focus on promoting livelihood collectives and enabling them to pursue their agenda. Many of the existing livelihood organizations have major constraints related to working capital, market linkages and appropriate business development services. The NRLM is predominantly oriented towards the rural poor with basic survival issues. It is largely a social security measure provided by the state, mandated for stabilizing and improving livelihoods in order to reach a basic subsistence level. Thus various types of crafts and livelihoods

¹⁰ <http://www.ari.nic.in/RevisedKVICACT2006.pdf>

activities are subsumed under its strategies, but not oriented towards issues of authenticity, design, marketing etc. that are critical for the craft sector. As yet, there is no census of crafts under the NRLM, and it is difficult to identify best practices. The aim is primarily to generate sustainable models for livelihoods that can be scaled up and replicated.

Ministry of Labour and Employment

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

Ministry of Skills Development and Entrepreneurship

A major area of concern for the craft sector in India is the issue of skills upgradation, both manufacturing skills and ancillary knowledge such as accounting, production management, marketing and overall business development. The **National Skills Development Corporation (NSDC)**, currently under the **Ministry of Skills Development and Entrepreneurship**, was set up in 2009 under the PM's National Council on Skill Development with the primary mandate of enhancing, supporting and coordinating private sector initiatives for skill development. NSDC reaches across all sectors and ministries to address targets for skills development in the country, in alignment with industry needs. NSDC has identified 20 high-growth sectors possessing significant skill gaps that will provide markets for its activities. Each sector is handled by a Sector Skills Council (SSC) consisting of known experts in the field and supported by a secretariat. Twenty two Sector Skills Councils have been set up including three in the fields of Textiles, Handicrafts and Apparel. The SSCs identify the list of gaps in the sector, evolve job roles to address them and support training agencies to provide the necessary skilled personnel. The mandate and resources of NSDC aligns with the objective of developing the capacities of craft clusters and incubating them for sustainable functioning through market orientation and revenue generation.

Ministry of Environment, Forests and Climate Change

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

Ministry of Tourism

Tourism has strong inter-promotional linkages with Handicrafts. Consequently, there is strong complementarity between many schemes of the Tourism and Handicrafts departments / ministries. Some level of convergence exists between the **Ministry of Tourism** and the Ministry of Textiles. For instance, implementing agencies for some of these schemes (such as development of Urban Haat and

mini-Urban Haat under "Infrastructure and Technology Support" scheme) are encouraged to form SPVs with active participation of various agencies dealing with promotion of tourism, culture, food processing etc. The Ministry of Tourism and the Ministry of Textiles have also prepared a joint action plan to exploit the potential of tourism in marketing handicrafts products¹¹. This involves establishment of (a) artisan villages as tourist destinations (e.g., Raghurajpur), (b) way-side amenities, (c) mega showrooms in metros (d) sales counters in major places of tourist attraction. Tourism departments / ministries of some states, implement schemes (including centrally sponsored schemes) supporting infrastructure development for destinations and circuits that directly promote handicrafts. For instance, the Department of Tourism of Delhi provides grant-in-aid support to development of Haats and celebration of fairs and festivals (e.g., Incredible India Festival) that provide a platform to promote handicrafts among other cultural subsectors.

Ministry of Commerce and Industry

The **Ministry of Commerce and Industry** governs the registration and award of Geographical Indications (GIs) to Handicrafts products and producers belonging to a specific geographical location or origin in line with the Geographical Indications of Goods (registration and Protection) Act, 1999. As of July 31, 2016, 1152 GI Authorized users have been registered under the Act for Handicraft goods¹².

National Institute of Design (NID) is an autonomous body under the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry. NID offers formal design education in a wide range of areas including those that concern handicrafts such as product design, ceramic and glass design, textile design, furniture design etc.

Ministry of Culture

The **Ministry of Culture** is charged with the preservation and conservation of India's cultural heritage and promotion of art and culture. The Ministry operates through seven zonal cultural centers for promoting folk and traditional arts of various regions in the country and four national missions which are National Mission for Manuscripts, National Mission for Monuments and Antiquities, National Mission on Libraries, and Gandhi Heritage Sites Mission. The Ministry is responsible for commemoration of important historical events, maintenance of centrally protected monuments (through Archaeological Survey of India), maintenance and promotion of various national and regional museums, recognition of excellence in art and culture through awards such as Sahitya Akademi and Sangeet Akademi. The Ministry is responsible for organizing festivals of India abroad and for implementation of various UNESCO conventions in the cultural sector.

Ministry of Tribal Affairs

The **Tribal Co-operative Marketing Development Federation of India Ltd (TRIFED)** is an apex organization under the Ministry of Tribal Affairs established for the purpose of marketing products produced and collected by tribal communities. The regional offices of TRIFED collect handicrafts and cottage industries products from producer groups, individual artisans and NGOs, and provide selling platforms by organizing regular exhibitions. Also noteworthy are Integrated Tribal Development Projects / Agencies (ITDPs / ITDAs), established in contiguous areas with more than 50% ST population, providing assistance to tribal artisans in skill development, marketing, and setting up own production units.

¹¹ <http://www.cicr.org.in/pdf/press/29-12-2015.pdf>

¹² <http://dipp.nic.in/English/questions/08082016/lu3498.pdf>

Ministry of Minority Affairs

The MoMA, which particularly harnesses the interest of the minorities, implements a comprehensive Upgrading the Skills and Training in Traditional Arts / Crafts for Development (USTTAD) scheme. It seeks to train artisans, establish linkages with global market, improve employability of existing workers, and conduct necessary research in the sector. The major thrust of the scheme is to link producers with buyers in support of 'Make in India' campaign.

Annexure VIII

International Case Studies

Case Study of UK

The United Kingdom places handicrafts in the larger rubric of Creative Industries. Creative Industries are defined by the Department of Culture, Media and Sport, UK Government, as "those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property". The UK government has taken up the development of creative industries in a proactive manner, and identified 13 "creative sectors" of which craft is one.¹³ The UK Model regards the related sector of "Cultural Industries" as an adjunct of Creative Industries, pertaining to cultural tourism and heritage, museums and libraries and "way-of-life activities" concerned with delivering other types of value, notable social and cultural content, rather than focused on economic value. The UK model of Creative Economy is characterized by a rigorous process of identification of the crafts, comprehensive data collection on production for a full-proof monitoring and evaluation system and a meticulous establishment of a complete value chain enabling accurate predictions about revenue generation and convergence with mainstream markets via inter-sectoral linkages. Thus Craft is recognized to include textiles, ceramics, jewellery/silver, metal work and glass products.¹⁴ Related activities (within the Creative Industries framework) of supply of materials, distribution, retail, online retail, packaging and display, crafts fairs, craft publications and tools and machinery and their links to production are clearly documented. Convergence with related industries like design, tourism, fashion, art and antiques markets and merchandise completes the value chain and showcases the products as also enables the calculation of Gross Value Added (GVA), the contribution of various industries to the economy. This is roughly measured by the income generated by the business or sector less the intermediate expenses in production. Craft is no longer seen by the leadership and the public as an outmoded form of manufacturing or a domestic leisure activity. Craft and craft skills are increasingly linked to economic and educational goals, and associated with progressive agendas of emancipation, environmental sustainability and locally rooted ethical production and consumption.

Case Study of Japan

The crafts sector in Japan comes under the larger gambit of the Ministry of Economy, Trade, and Industry (METI). In June 2010, the government established a Creative Industries Promotion Office under METI to coordinate the promotion of cultural industries by various under various ministries. The

¹³ "Creative Industries Economic Estimates, 2011" DCMS, p. 6

¹⁴ DCMS "Creative Industries Mapping Document" 1998 & 2001.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/183548/2001Crafts2001.pdf

Japanese government laid thrust on promotion of creative industries and intends to make it the core driver to propel its future economic growth.¹⁵

METI, in 2012, launched a 'Cool Japan' strategy to capitalize on the growing popularity and demand for products associated with its creative industry,¹⁶ including crafts, in foreign markets to secure income sources and boost regional economic growth.¹⁷ The strategy was made to ensure employment by promoting overseas development by small and medium businesses and young designers, attracting tourists to Japan, and revitalizing local communities as a part of the government's larger plan to increase Japan's economic and cultural standing in the world.¹⁸

The investment in the initiative comes from the government as well as the private sector. The funds are used by the initiative to support Japanese companies investing overseas, particularly to promote its creative industries. The investment decisions are made by a committee constituted under the investment guideline released by the government.¹⁹

The broad strategies under 'Cool Japan' are to style consumer goods to portray Japan's culture, offer financial support to create consortiums as replicable case-studies, collaborate with retail distributors for marketing the products, hold business events to promote large scale enterprises, explore and develop undiscovered regional sources to attract tourists, etc. The strategy also stresses on developing potential cities as 'creative cities'.²⁰ The government also created web platforms such as Cool Japan Daily and Mazer to deliver programme related information and encourage people – within Japan and abroad – to participate.²¹ In 2016, METI launched a Crafts Meet Project to reassess traditional crafts techniques from the perspective of foreign demand and brand production areas to promote crafts in overseas economies.²²

¹⁵ Promoting 'Cool Japan', Japan Times, August 15, 2010 (retrieved February 1, 2017)

http://www.japantimes.co.jp/opinion/2010/08/15/editorials/promoting-cool-japan/#.WJF_rIV97IU

¹⁶ Examples of creative industries in Japan: Advertising, architecture, art and antiques, crafts, design, fashion, movies and videos, video games, music, performing arts, publishing, computer software and services, radio and television, plus furniture, tableware, jewellery, stationery, food products, tourism

¹⁷ 'Cool Japan Strategy', Creative Industries Division, Ministry of Economy, Trade, and Industry, January 2012 (retrieved February 1, 2017)

http://www.meti.go.jp/english/policy/mono_info_service/creative_industries/pdf/120116_01a.pdf

¹⁸ 'The Cool Japan Strategy: Sharing the Unique Culture of Japan with the World', Japan Society, January 13, 2014 (retrieved February 1, 2017) <http://www.japansociety.org/event/the-cool-japan-strategy-sharing-the-unique-culture-of-japan-with-the-world>

¹⁹ 'Cool Japan Initiative', Ministry of Economy, Trade, and Industry, July 2014 (retrieved February 1, 2017)

http://www.meti.go.jp/policy/mono_info_service/mono/creative/file/1406CoolJapanInitiative.pdf

²⁰ 'Cool Japan Strategy', Ministry of Economy, Trade, and Industry, July 2012 (retrieved Feb 1, 2017)

http://www.meti.go.jp/english/policy/mono_info_service/creative_industries/pdf/120703_01a.pdf

²¹ 'Cool Japan Strategy', Creative Industries Division, Ministry of Economy, Trade, and Industry, January 2012 (retrieved February 1, 2017)

http://www.meti.go.jp/english/policy/mono_info_service/creative_industries/pdf/120116_01a.pdf

²² 'November is Traditional Craft Products Month', Ministry of Economy, Trade, and Industry, October 2016 (retrieved Feb 1, 2017) http://www.meti.go.jp/english/press/2016/1024_05.html

Case Study of Algeria

The UN organisations, along with the Government of Algeria and private sector enterprises have promoted responsible tourism in ksour villages in the country, which boosts income generation through various ways, including agriculture and handicrafts. The initiative has not only led to rehabilitation and reconfiguration of the historical habitat to a more adaptive use but has also played an immense role in supporting income generating activities, particularly related to traditional and contemporary arts.

The project collaborated with various ministries within the government and organised festivals, concerts, etc. that boosted tourism, promoted local culture, and propelled local economy of the villages. Higher incomes through various channels also played a role in combating delinquency and crime in the region.²³

Case Study of Niger

In 2010, Niger, through l'Agence de Promotion des Entreprises et Industries Culturelles (APEIC), planned for promotion of cultural industries and businesses. It entered into a partnership with UNESCO and trained artisans / cultural workers in enterprise development. It also created awareness amongst the general public and investors about the cultural industries and its impact on the economy. APEIC built strategic links with financial institutions and other government agencies for ensuring provision of trainings – both vocational and managerial – and easy access to finance for cultural entrepreneurs. APEIC also trained its staff to better understand the need of the sector and enable them to work more effectively with the entrepreneurs. Besides this, it also created a decentralised network of people who directly helped entrepreneurs with design, management, and fundraising. APEIC's strategy for promoting viable enterprises was to produce through an industrial process and ensure proper distribution channels while acknowledging the need to be artistic and creative. The agency also educated and brought bilateral and multilateral partners on board and explored opportunities of boosting exports, thereby contributing to a steady growth of the cultural entrepreneurship sector in the country.²⁴

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- ²³ Creative Economy Report, 2013, Special Edition – Widening Local Development Pathways, United Nations / UNDP / UNESCO (<http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf>) retrieved February 2, 2017
 - ²⁴ Creative Economy Report, 2013, Special Edition – Widening Local Development Pathways, United Nations / UNDP / UNESCO (<http://www.unesco.org/culture/pdf/creative-economy-report-2013.pdf>) retrieved February 2, 2017