

## IMPACT OF COVID-19 ON ARTISANS AND CRAFTS ENTERPRISE: PART II





# Impact of Covid-19 on Artisans and Crafts Enterprise: PART II

A study to understand the extent of the impact of Covid-19 on the business and livelihood of Craftmark members.

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## List of Abbreviations



1. AIACA: All India Artisans and Craftworkers Welfare Association
2. GeM: Government e-Marketplace
3. INR: Indian Rupee
4. LED: Light Emitting Diode
5. MHA: Ministry of Home Affairs
6. MoT: Ministry of Textiles
7. MSME: Micro, Medium and Small Enterprises
8. NGO: Non Government Organization
9. PPE: Personal Protective Equipment
10. PSU: Public Sector Undertaking
11. TRIFED: Tribal Cooperative Marketing Federation of India
12. UT: Union Territory

## Introduction

As governments and communities across the world are adopting a variety of strategies to tackle the healthcare burden from the ongoing Covid-19 pandemic, India's initial response was a complete lockdown, beginning 25 March 2020. While it did delay a spike in cases, it came with heavy economic costs, particularly because the lockdown extended well upto the end of May 2020. As the country eases restrictions now and the whole world is learning to live with this 'new normal', the Indian creative and cultural industries are also adapting to an altered way of life. In this, a lot is being determined by what their condition was during the initial months of the pandemic and their resultant responses. It is this impact that the study attempts to understand in greater detail.

This study of the impact of Covid-19 on the artisanal community is not the first. Before this, All India Artisans and Craftworkers Welfare Association (AIACA) had conducted a dipstick qualitative assessment on Covid-19 back in April 2020, with a representative sample of its Craftmark members, to understand the problems and requirements at the ground level.

The study highlighted that while there was a general sense of panic and uncertainty, the responses to the pandemic had been varied. The study discovered that even in the face of a health emergency, livelihood and financial issues were the most pressing ones. Rising costs of vegetables, groceries and other essentials were found to be a major concern. Widespread cancellation of orders, pending payments, a mounting product inventory, shipments on hold or stuck in transit and a generalized sense of confusion about area-specific government relief activities and measures, were some of the difficulties faced by both artisans and craft enterprises during phases 1 and 2 of the countrywide lockdown. Production for business came to a complete standstill. As regards big craft enterprises, a specific observation was that many were anticipating the shutdown of a few centers. In many cases, the staff salaries had been unpaid. Others were found revisiting production planning, conducting exploratory work, preparing back-up plans, new designs and a strategy for online presence.

Overall, through the qualitative study, AIACA observed that the sector was unanimous in its demands for cash support for recurrent expenses, long-term loans at lower interest rates for sustained financial buoyancy, marketing support, subsidized essentials and better healthcare support through knowledge dissemination, scaled-up testing and referral services.

Now, as the initial shock of the pandemic is behind us, there is a greater need to revisit the time, to examine what was gained and what was lost. The quantitative survey is thus, critical at this juncture. It would be a benchmark against which existing strategies can be re-assessed, going forward into Unlock 1.0 and beyond.

## Purpose of the Study

As is well known, the crafts sector is the second largest employer in India, after agriculture. It may not be the most profitable sector, but it is vast in terms of its household and per capita reach. If one takes into account the entire value chain of the crafts sector, the reach gets magnified further. In addition, the artisanal community is known for its resilience- something that has ensured the sustenance of Indian crafts across centuries. Therefore, a study of this sector and the impact of the pandemic on it, will go a long way in formulating effective plans for faster revival of the economy, using a bottom-up approach that touches the lives of a large section of the population in a short time.

## Aims and Objectives

- To understand the extent of the impact of Covid-19 on the business and livelihood of Craftmark members.
- To share findings of the survey with the government and other relevant stakeholders, with a view to advocate the best interests of individual artisans and craft enterprises reeling under financial stress due to the pandemic.

## Methodology

### 1. Approach

The study deployed a quantitative approach for data collection, using the survey method. This approach allowed for the assessment of Covid-19 impact on livelihoods and business, in a measurable and quantifiable manner. It made establishment of numerical relationships between various aspects of the value chain possible.

### 2. Sampling

For the purpose of the impact assessment, AIACA reached out to 81 Craftmark members. Out of this, data from a sample of 69 members was collected. This sample included 59 craft enterprises and 10 individual artisans. Since the respondents collectively employ thousands of artisans and are spread across 16 states and union territories (UTs), it can be safely considered as indicative of the general sentiment and scenario in the sector, particularly in the case of its findings with regard to craft enterprises.



Figure 1: Map indicating the Areas of Study

### 3. Tool Development

Keeping in mind the limitations of physical reach during the pandemic, the survey tool was an online questionnaire, accessible as a Google form. The survey questionnaire was finalized based on a broad list of indicators that AIACA set out to measure. These indicators were arrived at on the basis of qualitative assessment findings and a series of internal discussions. Besides collecting details about the individuals and organisations and their years of experience in the sector, the online survey questionnaire broadly addressed issues related to resources, the production process, sales and marketing and new product developments for the Unlock period. Based on these broad indicators, a questionnaire with 21 research questions was developed

**Table 1: Broad Indicators and Sub-Categories used for Tool Development**

S.	Broad Indicators	Sub-Categories
1	Name of the artisan/organisation	
2	Years of work in the craft	
3	Resources	<ul style="list-style-type: none"> <li>● Availability of raw material</li> <li>● Status of tools and equipment</li> <li>● Resources required to repair/buy tools and equipment</li> <li>● Wage payments to artisans</li> <li>● Working capital status</li> <li>● Working capital support/requirement</li> </ul>
4	Processes	<ul style="list-style-type: none"> <li>● Ease of business operation</li> <li>● Current status of production</li> </ul>
5	Sales/Marketing	<ul style="list-style-type: none"> <li>● Inventory status</li> <li>● Inventory value</li> <li>● Impact on sale</li> <li>● Percentage impact on overall sale</li> <li>● Value of orders put on hold</li> <li>● Value of orders cancelled</li> <li>● Value of domestic orders cancelled</li> <li>● Value of export orders cancelled</li> </ul>
6	Scenario Post Covid-19 Lockdown	<ul style="list-style-type: none"> <li>● Repurposing business post Covid-19</li> <li>● New product specifications</li> </ul>
7	Any other comments/remarks	

#### 4. Data Collection

A seven-member team at AIACA reached out to the respondents. The objectives of the survey were clearly laid out before them over a telephonic discussion or via e-mail. The data collection spanned over 10 days. A major limitation during this period was telephone and internet connectivity, especially in case of individuals and enterprises in remote locales. This made the data collection process time-consuming and cumbersome.

#### 5. Analysis

The data collected was organized based on the list of indicators. It was segregated into two main categories-craft enterprises and individual artisans. The former included private limited companies, proprietorship and partnership firms, registered societies and trusts, partnership firms, self-help groups, cooperatives, non-government organisations (NGOs), limited liability partnership firms and non-profit companies. The latter category included individual and master artisans. Statistical operations and calculations were performed on the survey questions based on the measurement levels (nominal, ordinal, interval and ratio) used in the questions. The data and findings have been furnished in this report. They have been pictorially represented using graphs, tables and pie charts, wherever necessary.

### Detailed Findings

#### 1. Individual Artisans

All the 10 individual artisans surveyed possessed over 9 years of experience in the sector. In fact, 80 percent of them had been in the crafts space for more than 10 years. This included all the master artisans and 60 percent of the individual artisans. Thus, it will not be wrong to say that all the respondents had rich experience in their respective fields, embedding their responses in deep knowledge of their craft and its value chain.

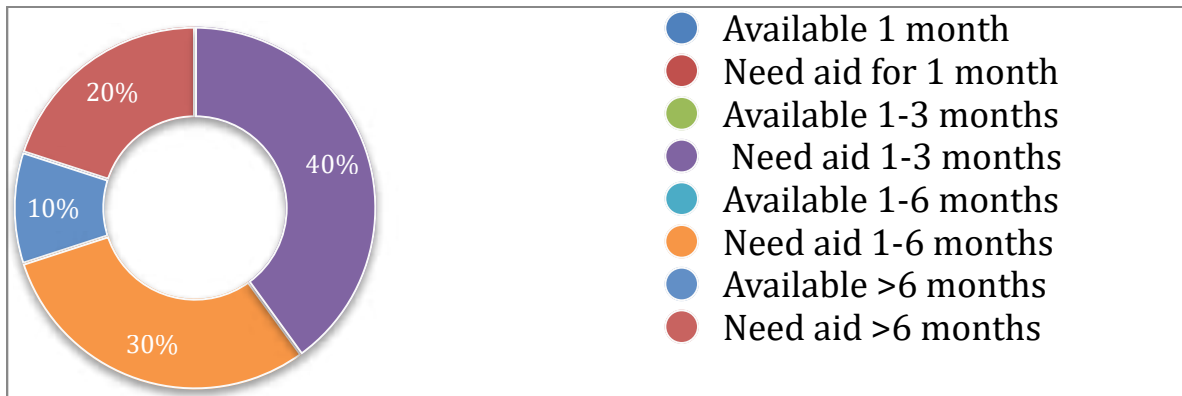
##### a. Resources

In terms of availability of raw material, 6 out of 10 artisans responded that no raw material was available, 25 March 2020 onwards. 3 artisans had raw material for a month of the lockdown, while only 1 had raw material for 2 months during the lockdown. A lack or complete absence of raw materials can be attributed to a complete breakdown of the supply chain and transport and communication channels during the lockdown phase. No direct co-relation was found between the availability of raw materials and the status of production. As a result, it can be assumed that while raw material is a pre-requisite for production activity, it is not the only factor that ensures production.

This became even clearer by looking at the data on the status of working capital, which may have been a factor influencing production. All artisans demanded capital support from external sources. Financial stress was palpable. They were found to be in need of financial support- whether it be due to a shutdown of production, paucity of raw materials, mounting inventory, cancelled orders or due to orders on hold. 40 percent artisans demanded working capital support for 1-3 months. 30 percent demanded external aid for 1-6 months. Only Farooq Ahmad Mir from Jammu and Kashmir mentioned

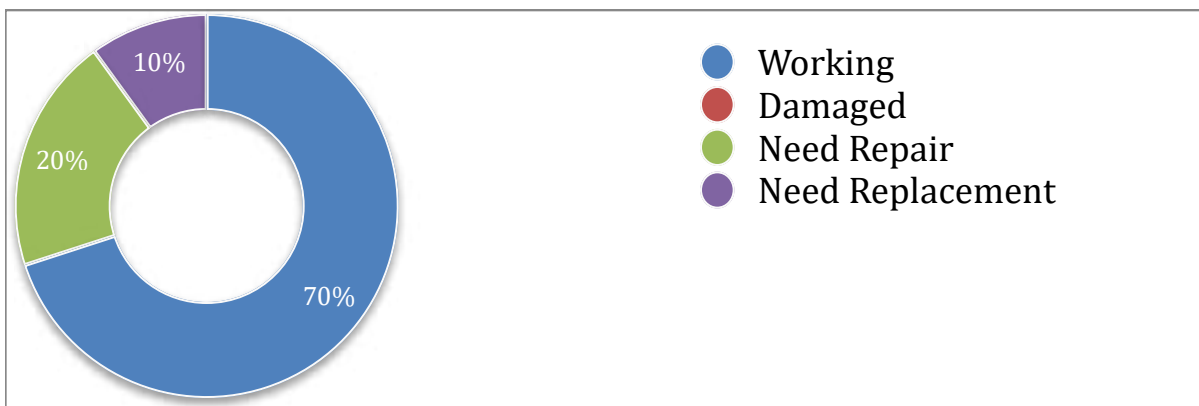


that external financial support was available. 20 percent artisans (Adil Khatri from Gujarat and Imitiaaz Ali from Uttar Pradesh) required support beyond 6 months.



**Figure 2: Working Capital Support Requirement (%) for Artisans**

In addition, tools and equipment were also examined as an important resource for production. As can be seen in the figure below, 70 percent of the individuals reported that their tools were in working condition. However, those who asked for resources for tools, either demanded financial support or material support to fix the tools themselves. Imitiaz Ali, an artisan based in Uttar Pradesh needed basic greasing, oiling and welding due to rusting of some equipment during lockdown.



**Figure 3: Tools and Equipment (%) for Artisans**

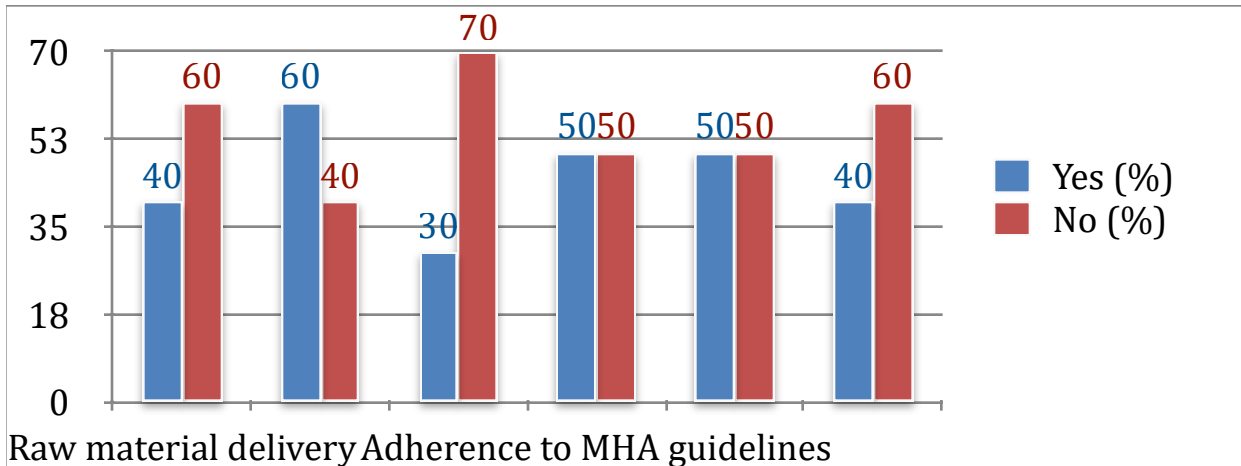
Labour is a resource integral to the production process. Associated with that aspect is the payment of wages to the artisan workers. 50 percent of the respondents paid wages to their artisans during lockdown, while 30 percent made no payments at all. A possible reason for this could be shortage of cash flow.

**b. Processes**

As regards the status of production, 40 percent artisans informed that their production activity had remained halted during the lockdown and had not resumed. Another 40 percent had resumed

production from 1 June 2020, while 20 percent artisans reported that their production activity had continued throughout the lockdown period.

Now, as the economy is beginning to unlock, the present status of business operation was examined on the parameters of ease of access to raw material delivery, shipment and safe dispatch in the domestic and export markets, ease of access to markets, financial overheads to re-start business operations and adherence to Ministry of Home Affairs (MHA) guidelines for workspaces. The findings have been presented in the following graph.



**Figure 4: Ease of Business Operations for Artisans**

The graph indicates how individual artisans are gradually adjusting to the new ways of operating in an altered business environment. Half the artisans, who had re-started business operations, were adhering to MHA guidelines for opening workspaces like, social distancing, operating at one-third capacity, regular sanitization, among others. However, access to raw materials and markets was found problematic in 60 percent of the cases, mainly because of a badly hit value chain. Surprisingly, dispatch of domestic shipment had been possible in 60 percent cases. Export shipments did not seem to have bounced back. Alternatively, the data could also mean that many artisans had limited export presence.

### c. Sales and Marketing

This aspect was found to be the worst hit. In 70 percent of the cases, the decrease in sales had been over 75 percent. Apindra Swain from Odisha was the only artisan who reported the least decline in sales (25-50 percent). 8 out of 10 artisans suffered due to problems with orders. Their orders were either cancelled, or put on hold, or both. The value of orders on hold had a wide range, varying anywhere between INR 10 thousand to INR 10 lakhs. More specifically, Adil Khatri's brand Nilak (Gujarat), reported that his orders worth more than INR 10 lakhs were on hold. He stated the urgent need for a bulk buyer with substantial purchasing power. Business had been badly hit for Gopal Hand Printers (Rajasthan) and Farooq Ahmad Mir (Jammu and Kashmir), who reported a cancellation of orders worth over INR 10 lakhs. It was observed that the value of domestic orders cancelled was more than the value of export orders cancel. This could be perhaps because individual artisans are

more dependent on domestic markets and exhibitions. In fact, Vijay Joshi from Rajasthan clearly underlined the dependence of his brand on exhibitions, for sale.

**Table 2: Value of Export Orders Cancelled for Artisans**

S. No.	Value of Export Orders Cancelled (INR)	Percentage of Craft Enterprises
1	<50,000	7
2	50,000-1 lakh	5
3	1 lakhs-5 lakhs	0
4	5 lakhs- 10 lakhs	2
5	10 lakhs-20 lakhs	3
6	> 20 lakhs	8
7	Not Applicable (N.A.)	75

Mounting dead stock was also an observable problem in the survey. 40 percent of the artisans surveyed had nearly 100-500 units of products lying in their inventory. 30 percent had over 500 units of products lying dead. The rest lay somewhere between 1-50 units of dead stock. While these may seem like small numbers, the inventory value for every individual artisan amounted to much more, as is evident from the table below.

**Table 3: Status of Inventory for Individual Artisans**

S.No.	Inventory Status (Quantity in units)	Inventory Value (INR)
1	1-25	5,000- 20,000
2	101-500	20,000- 50,000
3	101-500	5,000- 20,000
4	26-50	2.5 lakhs- 10 lakhs
5	101-500	2.5 lakhs- 10 lakhs
6	500 and above	2.5 lakhs- 10 lakhs
7	26-50	10 lakhs- 50 lakhs
8	101-500	10 lakhs- 50 lakhs



9	500 and above	10 lakhs- 50 lakhs
10	500 and above	10 lakhs- 50 lakhs

#### d. Scenario Post Covid-19 Lockdown

New product development has been an important part of the strategy during the Unlock phase. Nearly 60 percent of the respondents are developing new products for the domestic and export markets. Gopal Hand Printers from Rajasthan is also working on ideas to take the business online. Based on their respective crafts, they are developing paintings, new calligraphy designs, coasters, LED lamps, yardages, wall hangings and garments. Apindra Swain from Odisha was the only artisan whose work saw some shift in focus because of the pandemic. He has begun creating *pattachitras* depicting people wearing facemasks.

## 2. Craft Enterprises

A whopping 64 percent of the craft enterprises surveyed held over 10 years of experience in the crafts space, constituting over half (55 percent) of the total respondents surveyed.

#### a. Resources

In contrast to 60 percent individual artisans, only 36 percent craft enterprises reported a lack of raw materials from the time the lockdown was first imposed. An equal percentage possessed raw material two months into the lockdown. Thus, a shortage of raw materials was invariably felt by the end of 2 months. Added to this was a shortage of funds for daily business, experienced by 75 percent of the enterprises. If one looks at cumulative data, 76 percent saw lack of working capital as a major stress factor. Therefore, while most enterprises claimed that working capital might be available in the short-run, nearly 40 percent stated that financial support would be required over a period of 6 months. This partly has to do with the uncertainty brought about by the pandemic.

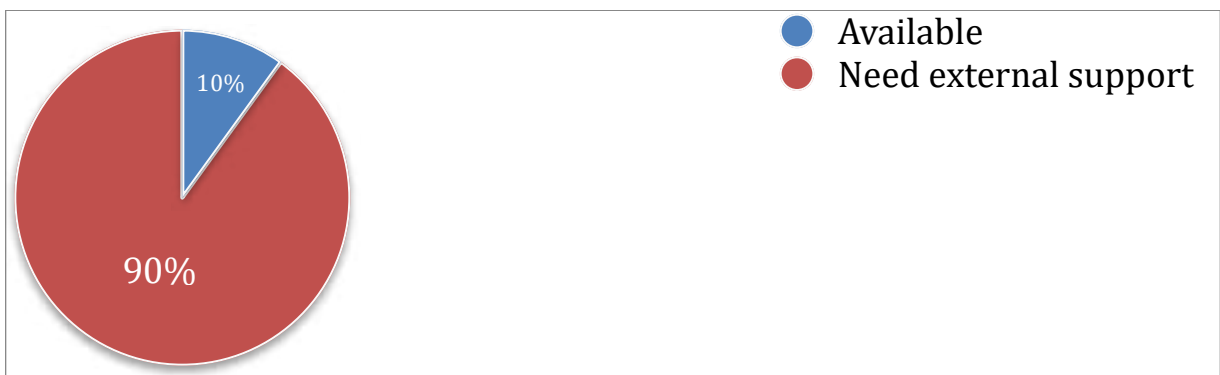


Figure 5: Working Capital Status (%)

Tools and equipment for 45 out of the 59 enterprises were in working condition. Equipment needed replacement only in 10 percent of the cases. Other repairs were needed for regular wear and tear.

However, the impact of the pandemic was glaring in two instances. Awdhesh Kumar from AK Textiles in Rajasthan expressed his agony over the wastage of 50-60 buckets of ready colour for printing, due to the sudden lockdown. On the other hand, Studio Coppre from the worst hit state of Maharashtra mentioned that since their workshops were in the containment zones, they were unaware of resources required for any damage of equipment that might have occurred.

Central to production activity of enterprises is its workforce. Wage payments to artisans were consistent throughout the lockdown for 54 percent of the enterprises. The graph below elaborates on findings about wage payments.



**Figure 6: Wage Payments to Artisans (%)**

Interestingly, despite the lack of working capital reported by a majority, 50 percent of the enterprises had paid their artisans throughout the lockdown period. Together, nearly 70 percent had managed to pay at least for some duration during the course of the lockdown. Only 30 percent enterprises had made no payments at all.

#### b. Processes

Cutting across sectors, the period of the pandemic saw an immediate adverse effect on all kinds of production activities. The crafts sector was no exception. The table below represents the status of production amongst craft enterprises.

**Table 4: Status of Production for Craft Enterprises**

S.No.	Current Status of Production	Percentage of Craft Enterprises
1	Production not yet resumed	29
2	Production ongoing throughout lockdown	14
3	Production resumed from 1 May 2020	32
4	Production resumed from 1 June 2020	25

Level of ease of business operations in the Unlock phase has been represented graphically, below.

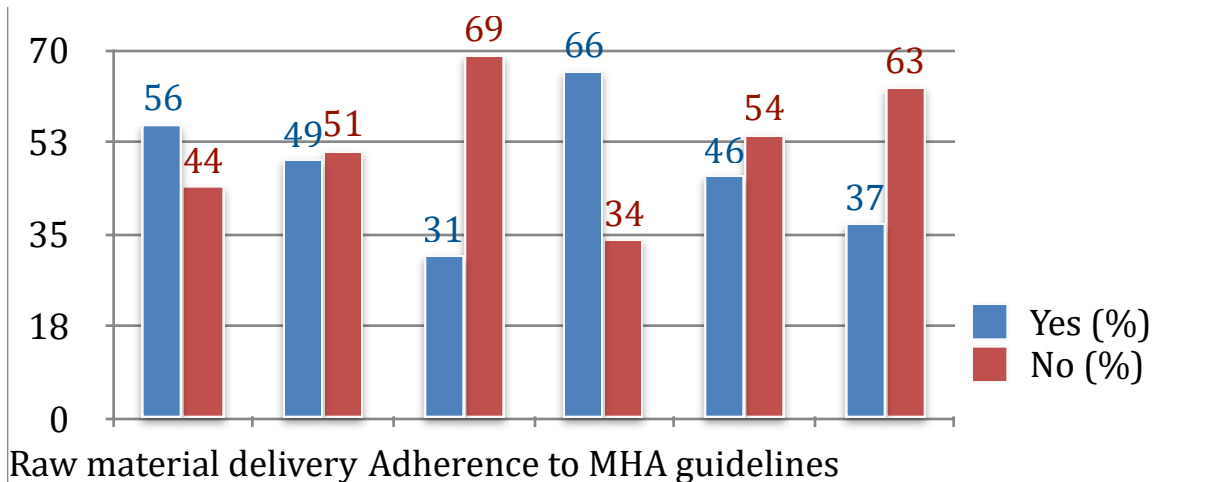


Figure 7: Ease of Business Operations for Enterprises

In the case of enterprises too, access to markets featured as a major problem. However, compared to 60 percent individuals, only 44 percent enterprises had difficulty in raw materials delivery. A similar trend was found in case of dispatch of export shipment, in case of both individuals and enterprises. Nearly 70 percent reported that there was no dispatch of export shipment. Fewer enterprises reported overheads for restarting business, compared to individuals, as half the artisans had reported such expenses. 66 percent adhered to MHA guidelines. This reportage was much higher compared to individuals, perhaps because of the scale of business operations in case of the former.

### c. Sales and Marketing

A major concern for 42 percent respondents was that their orders had been put on hold. This was followed by 32 percent cases where orders had been both cancelled and put on hold. This trend was visible in case of the value of orders as well, as the value of orders on hold was higher than the value of those cancelled. For almost 20 percent of the craft enterprises, the value of orders on hold was over INR 10 lakhs, whereas only 7 percent of the enterprises had cancelled orders worth over INR 10 lakhs. This, to some extent, also explains the mounting inventory, which was an associated problem. Almost 60 percent of the enterprises had 500 or more product units lying as dead stock. Kadam Haat, a society from West Bengal, was the only enterprise that had no inventory. Ras Leela Textiles from Gujarat had the smallest quantity of 1-25 units lying as dead stock.



**Table 5: Value of Cancelled Domestic and Export Orders for Enterprises**

S	Value of Cancelled Domestic Orders (INR)	Enterprises (%)	Value of Cancelled Export Orders (INR)	Enterprises (%)
1	5,000- 10,000	2	< 50,000	7
2	10,000- 50,000	8	50,000- 1 lakh	5
3	50,000- 2.5 lakhs	17	1 lakh- 5 lakhs	0
4	2.5 lakhs- 10 lakhs	17	5 lakhs- 10 lakhs	2
5	10 lakhs- 25 lakhs	5	10 lakhs- 20 lakhs	3
6	> 25 lakhs	2	20 lakhs and above	8
7	N.A.	49	N.A.	75

Impact on overall sale at the rate of 75 percent or more was an overarching phenomenon for both individuals and enterprises. Over half the total respondents felt this adverse impact. Due to their sheer scale, the consequences were particularly severe for enterprises. Out of the ones surveyed, 20 percent enterprises had stocks worth over INR 50 lakhs lying as inventory. In fact, approximately 80 percent of these enterprises had an inventory with a worth between INR 2.5 lakhs to over INR 50 lakhs.

#### **d. Scenario Post Covid-19 Lockdown**

As national and international markets are gradually opening, craft enterprises find themselves adjusting to the changed economic environment. They are re-entering the markets with new product developments. Interestingly, a trend observed in the survey data was that new products are being launched more in the domestic markets vis-a-vis the export markets, by both individuals and organisations. This may be due to a generalized distrust and lack of confidence in the international environment due to the pandemic. Additionally, since nearly 20 percent of the enterprises are now producing facemasks, PPE kits and other pandemic-related products, they are finding a ready market in India itself.

## Comparative Analysis of Individual Artisans and Craft Enterprises

Interesting findings emerged from the data analysis, which marked points of conversion as well as departure between businesses of individuals and enterprises. It is critical to look at these, in order to be able to devise need-based coping mechanisms and differentiated recovery measures for the diverse set of players within the sector.

Data revealed that while there has been a unanimous demand for financial support, it is the individual artisans who are in greater distress due to almost complete absence of working capital. In AIACA's survey, all artisans flagged this concern. 25 percent enterprises, on the other hand, still had working capital. It was also discovered that individual artisans required more short-term support, while enterprises stressed on the need for support in the long-run (beyond 6 months).

This perhaps explains why 30 percent of the artisans were unable to pay wages during the lockdown, vis-a-vis only 12 percent instances of non-payment, as regards enterprises. Similarly, a big gap was visible in terms of raw material availability to artisans (40 percent) and enterprises (64 percent). Here too, a lack of working capital can be blamed. In fact, it seemed that the artisans had exhausted their financial resources in production, as the percentage of dead stock for enterprises and artisans was relatively similar. As artisanal work is comparatively more informal and unstructured, it is possible that there was limited or no financial planning for contingency. Thus, the pandemic delivered a more severe blow to the business of smaller, individual artisans, who are struggling to cope with drastic changes in the economic environment.



## Key Observations

- The survey was conducted on 59 Craftmark members, including both individual artisans and craft enterprises. Over half the survey respondents possessed more than 9 years of experience in the crafts sector.
- In terms of resources, it was found that 60 percent of artisans did not possess raw materials for production, whereas this percentage was smaller in case of craft enterprises (36 percent).
- By and large, tools and equipment were in working condition, except a few instances of regular wear and tear related repair or replacement requirements.
- Need for working capital was a recurring concern for all. Artisans had absolutely no cash reserves that could be used as working capital, while 25 percent enterprises had working capital. Thus, the former were in greater need for immediate support, compared to enterprises that mostly asked for support beyond 6 months.
- Transcending boundaries of individual and enterprise, all respondents were reeling under severe financial stress.
- 30 percent of all respondents had failed to pay wages to their employees during the lockdown period.
- Production activity evidently came to a standstill during the pandemic. 40 percent individuals and 29 percent enterprises saw halted production during the said period. 20 percent artisans and 14 percent enterprises had continued production throughout the lockdown. Others had resumed production in a staggered manner.
- More than half the respondents reported over 75 percent decline in overall sales. This largely had to do with large-scale cancellation of domestic and export orders and orders being put on hold. As a result, a piling inventory was a major problem. In case of enterprises, it's worth running into INR 50 lakhs or more, in 20 percent cases.
- For the Unlock phase, it was observed that ease of business operation ranged between 45-48 percent for the respondents. Adherence to new MHA guidelines was greater in case of enterprises.
- Respondents confirmed that new products were largely being launched in the domestic market. Enterprises (20 percent) were found producing items specific to the pandemic, besides developing other products.





## Recommendations

### 1. Short-term

- Financial bailout for individual artisans and crafts enterprises reeling under severe stress due to the ongoing pandemic. So far, the Ministry of Textiles (MoT), Government of India, has not announced any such bailout or support plan.
- Faster inventory liquidation through augmentation of online sales and marketing platforms, like the dedicated rural tribal e-commerce marketplace being developed by Tribal Cooperative Marketing Federation of India (TRIFED) and Government e-Marketplace (GeM)- a government-run e-commerce portal that facilitates easy online procurement of goods and services needed by government departments, organisations and public sector undertakings (PSUs). While recently, the government announced the onboarding of 50 lakh artisans on this portal, there is a need to expedite the process, so that there is faster conversion into concrete business opportunities. In addition, any digital onboarding can be stressful and cumbersome, especially for small-scale artisans. Therefore, concrete steps need to be taken to make the integration hassle-free; with appropriate components for training and capacity building for the smaller artisan segment. What we have seen otherwise is that larger and more established craft enterprises occupy a regular space in the platforms, with the same names being given visibility and access.
- Urgent need to reposition sales and marketing strategies, in the changed scenario of the pandemic, with a view to remain buoyant. Any strategy must take into account the following:
  - Economic environment is not conducive to the sale of luxury goods.
  - Altered consumer behaviour, which is more focused on purchase of need-based essentials, is a trend that is here to stay.
  - Digital channels are gaining prominence, in addition to exhibitions and *bazaars* that still remain the primary source of revenue generation for many. For example, EPCH is preparing for a Virtual Sourcing Fair between the 13<sup>th</sup> and 18<sup>th</sup> July 2020, as a pilot.

Virtual Trade Shows are the online counterparts of physical trade shows, where exhibitors can connect with attendees in a virtual space and showcase their products through a virtual trade show software or a virtual trade show platform. High-resolution 3D visuals are employed to replicate the environment and format of a physical trade show and ensure a realistic and immersive experience. Customized exhibition booths are placed across space, and visitors can freely explore the surroundings, stopping by any booth of their choosing and browsing its products. The scale and format of the show can range from basic to elaborate, depending on the exhibitor's requirements. A range of interactive and informative tools can be employed to allow real-time communication and information sharing that delivers value to the visitors and encourages conversions. For example, visitors can view product demos, videos, chat with booth reps, flip through brochures, etc. Therefore, efforts should be made to forge partnerships with online marketplaces; adapt to new presentation methods in trade shows; collaborate with socially responsible retail brands in this hour of crisis to bring out artisan stories for every product; encourage entry-level brands and tap the 'reduce, recycle and reuse' potential of the crafts sector, particularly for export.

- Creation of a centralized knowledge bank or information repository for free access, which details out standard operating procedures, tender advertisements, occupational health and safety measures, government schemes, etc. This would be a one-stop shop for all concerns of the artisan community.

## 2. Medium-term

- Infusion of capital, particularly to cater to the financial needs of individual artisans, through tax relief, subsidized raw materials and easy access to soft loans at minimal interest rates. AIACA has released a White Paper on fiscal recommendations particularly for craft enterprises, in this tenuous environment, keeping in mind the MSME outlays already announced.
- Provision for capacity building training, need-based handholding and equipment to empower individual artisans, collectives and enterprises, for smooth transition to e-commerce. AIACA, with extensive experience in outreach, community mobilisation and skill development training, could play an important role as an implementing partner.

## 3. Long-term

- Strengthening mechanisms to encourage greater institutional procurement of handmade products, to deal with the problem of a mounting inventory. This would naturally increase cash flow in the sector, helping it kick-start production activity, to bounce back.
- Strategize to repurpose products for the changed environment. While tapping into the ready national and international markets for products specific to the pandemic is critical at this point, individuals and enterprises must also re-think their long-term planning. Since the market for luxury goods has collapsed and continues to remain an uncertain investment option, there is a pressing need to develop products on lowered price-points. For smaller artisans and groups, the pivoting to produce essential items during the pandemic (example, face masks, PPEs) has been a challenge, also keeping in mind questions of scale and quality.
- Greater exposure for artisans and enterprises to venture into government procurement. For this, they need orientation and handholding to walk through the complex and tiresome processes for tender applications. Such support must also take into account the need for re-skilling artisans for quality control and up scaling to meet strict procurement standards.
- As the new definition for micro, medium and small enterprises (MSMEs) stands reviewed, it must be noted that the raising of the upper limit of investments has almost completely thrown the handloom and handicrafts community out of this categorisation. If at all, they merely qualify as micro units. Besides, this has allowed the entry of bigger players, increasing competition. Therefore, the government must think of creating a special outlay category exclusive for the crafts sector, to address their needs in a focused manner.

## Glossary

*Pattachitra*: A traditional, cloth-based scroll painting, based in the eastern Indian states of Odisha and West Bengal.



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