
Chhattisgarh Handicrafts Development Board- Success through market coverage strategy: A Case Study

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Abstract

Chhattisgarh Handicrafts Development Board (CGHDB) was created by Chhattisgarh State Village Industrial Department on 21st July 2004 in view of providing support to the various activities related to handicrafts of the state. The Board has the sole objective of achieving all round development in the domain of handicrafts and to revive the vanishing crafts by marketing it strategically so that there will be constant progress in positioning of handicrafts in global market under the chairmanship of Major Anil Singh. The art of Chhattisgarh is very rich and ancient. There are numerous opportunities to work in this field for the betterment of artisans, conservation and growth of the handicrafts.*

The vision and objectives of Chhattisgarh Handicrafts Development Board are to provide a sound platform for handicrafts of the state at the national and international level and to improve the financial condition of the artisans.

This case study analyses the importance of handicraft industry for Indian economy in terms of employment creation, share of GDP and its global market. A SWOT analysis of Indian handicraft industry is also done in the paper. In this backdrop, needs for support system for Chhattisgarh handicraft industries to make it globally competitive was analyzed and role of Chhattisgarh Handicrafts Development Board in supporting the state handicraft industry has been focused

INTRODUCTION

Chhattisgarh Handicrafts Development Board (CGHDB)

CGHDB, an undertaking of the Government of Chhattisgarh was established in the year 2004. Handicrafts have always been an important and integral part of the Indian Culture and more so in the State of Chhattisgarh where handicrafts are not different from the culture and tradition of the people. The state boasts of exquisite art fax created from the alloy made by local tribal people. Apart from the metal

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handicrafts, Chhattisgarh is famous for traditional bamboo crafts, wooden crafts products. Beautifully carved products are designed by the craftsman of the state. The skillful craftsman of the state carve beautiful wooden ceilings, doors, lintels etc using different kinds of wood. The craftsman also make pipes, masks, doors, window frames. Plethora painting is a common traditional art form. These paintings originating in the tribal area of Central India depict the offering to gods for fulfillment of wishes. Yet the state craft is not able to make place in the market due to limitations of tribal artisans to use modern marketing strategy. The main objective of CGHDB is to modernize the traditional art forms and make it marketable so that these art forms survive and be part of livelihood for the local people. In order to effectively reach out to the markets, the CGHDB has come up with a series of emporiums by the name of "Shabari" all across the State and also in New Delhi. CGHDB has been organizing training of the local youth as well as supportive programs for production of these art faxes in accordance to the needs and wants of the market.

The main objectives of CGHDB are:

1. Preservation and enrichment of the ancient and world famous heritage of the handicrafts of the State of Chhattisgarh.
2. Generate employment through development of Handicrafts by providing training to the traditional and nontraditional artisans and also to the unemployed youth of the State.
3. Bringing craftsmen in the main stream of development by constantly developing their respective crafts, improvement in the quality of production and providing assistance and guidance through various schemes like Study Tours, Working Tools Grants, Work Shed Grants, Loan Grants and Financial Assistance to Cooperative Societies.
4. To market the Handicrafts of the state at National and International level, to develop the process and design of the crafts as per the international standards keeping in mind the competition in the international market.

5. To invite and encourage Private Entrepreneurs to invest and generate employment in the field of Handicrafts.
6. To provide craftsmen with the latest instruments of making handicrafts.
7. To encourage the craftsmen to participate in various competition at the state and national level and to reward them for their success.
8. To send the selected craftsmen abroad for latest knowledge about their works at international level.

Organizational Structure of the board is provided in the Appendix.

The various schemes of the Board

1. Marketing Assistance:

- a. Numerous exhibitions and *Shilp* Bazaars are regularly organized in which the products of the craftsman are sold directly. This not only gives them a platform to showcase their works, but also provides them an opportunity to learn about the developments of new trends so that they improve their production capacity, introduce proper costing and learn about market demands.

A chain of emporiums have been established in New Delhi and throughout the State. The works of the craftsmen are showcased and sold through these emporiums.

2. Training:

Training is provided in the field of various handicrafts for providing employment to the traditional/non traditional artisans, labour from the non agricultural field, an unemployed youth etc. As per the new guidelines of the government the training is imparted with an objective of generating self employment.

It is kept in mind that the standard of the Training should be good enough so that the trained persons are able to sustain in the competitive market. Different types of training programs are organized for different crafts to make the training most effective.

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

Scholarships during the period of training are provided to the candidates based on the budget received from the State Government and the guidelines of the department.

3. Registration of the Craftsman:

The registration of the craftsman is very important. As craftsman have the opportunity to benefit from the various schemes of the Board. The Board in turn obtains critical statistical data regarding the craftsman and their crafts which in turn helps in the formulation of new schemes as well as help in gauging the effects of the current schemes being implemented.

4. Tools and Equipment Grant:

Tools and equipment of amount upto Rs.5000/- are provided to traditional and trained craftsmen in order to encourage them to generate self employment in the field of Handicrafts. Under this scheme 75% subsidy is provided to the craftsman of General and backward category and 100% subsidy is provided to the SC/ST category.

5. Work-shed Development Grant:

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

6. Financial Assistance to Cooperative Societies:

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

7. Loan Interest grant for craftsmen :

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

8. Study Tour :

In order to enhance the knowledge and techniques of the craftsman, special Study Tours to important handicrafts centers are organized for the duration of 15 days. During the tour, Traveling Allowance and Daily Allowance are provided to the artisans as per norms of the board.

9. Technical and design guidance:

The organization attempts to prepare craftsmen for competition in the market to achieve higher volumes of sales. For this, it is important that the production of the handicrafts should be as per the trends of the

market. In order to acquaint the craftsmen with the latest developments in the markets following steps are taken:

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

10. **State awards for the craftsman:**

In order to maintain a healthy competitive spirit and to encourage the craftsman to perform better, State Awards are awarded every year to the craftsman. The creator of the chosen item is awarded a cash prize of Rs.15000/- and the consolation prize winners are awarded Rs.10000/- cash prize along with certificates, shawls and shrifal.

The Indian Handicrafts market

India is one of the important suppliers of handicrafts to the world market. The Indian handicrafts industry is highly labour intensive, cottage based and decentralized industry being spread all over the country in rural and urban areas. Numerous artisans are engaged in crafts work on part-time basis. The industry provides employment to over six million artisans (including those in carpet trade) which include a large number of women and people belonging to the weaker sections of the society.

The export earnings from Indian handicrafts industry for the period 2009-10 amounted to US\$ 2.2 billion. In addition to high potential for employment, the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country.

Handicrafts and handlooms are two such industries in India having their special identity. With a mode of expressing one's mind, soul, traditions and modern outlook, these two industries have created magic all over the world. The variety and expertise of handicrafts speaks through pottery, metal work, jewelry, wooden art, marble or stone work and toys. On the other hand, the glory of handloom industry

can be stated in the form of designer clothes with a variety in fabric, printing styles, designs, patterns and specialized embroideries. In fact, almost every state in India has their own style of handicrafts and handlooms to boast their distinctiveness.

Classification of Handicrafts:

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

Metal ware, Wood ware, Hand printed textiles, Embroidered and crocheted goods, Shawls, Carpets, Bamboo products, Zari goods, Imitation jewellery, Paintings, Earthenware, Jute products, Marble Sculpture, Bronze Sculpture, Leather Products and other miscellaneous handicrafts.

Key Facts of Indian Handicrafts Industry

1. India's rich cultural diversity and heritage provides a unique and huge resource for developing craft products.
2. The Indian Handicraft Industry is showing continuous growth rate of 20% every year.
3. Handicrafts industry is one of the important segments of decentralized sector in India.
4. Major parts of industry operates in rural and semi urban areas throughout the country and has potential Indian and International market with around 67000 exporters to tap the market.
5. According to the national census of handicrafts, undertaken by the National Council for Applied Economic Research, the value of handicrafts produced were of Rs.26,213 Crore.
6. This Industry provides huge employment opportunities to artisans that include women and people belonging to backward and weaker society. This is one of the major sources of income there.

7. The Indian Handicraft Industry is a \$100 billion industry worldwide. Indian handicraft industry has huge export market as given below:

COUNTRY-WISE EXPORTS OF HANDICRAFTS

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

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

EXHIBIT-1

COUNTRY WISE SHARE OF EXPORTS OF HANDICRAFTS DURING 2009-10

Country	Percentage share
Australia	1.35
Canada	2.85
France	4.43
Germany	9.98
Italy	3.38
Japan	2.31
Netherland	2.85
UAE	5.94
Switzerland	1.39
USA	28.55
UK	10.64
LAC	1.66
Other countries	25.67

In the changing world scenario, craft products exported to various countries form a part of lifestyle products in international market. The impact is due to changing consumer tastes and trends. In view of this it is high time that the Indian handicraft industry went into the details of changing designs, patterns, product development and requisite change in production facilities for a variety of materials, production techniques and related expertise to achieve a leadership position in the fast growing competitiveness with other countries.

The 6 million craft persons who are the backbones of Indian Handicraft Industry as provided with inherent skill, technique, traditional craftsmanship but that is quite sufficient for primary platform. However, in changing world market these craft persons need an institutional support at their places i.e. craft pockets for value addition and for the edge with other competitors like China, Korea and Thailand etc.

EXHIBIT-2

Country Wise Exports Data of Handicrafts (Excluding Hand Knotted Carpets) For the Year 2009-10

S. No.	Country	Rs. in Crores		Increase/Decrease in %over 2008-09	US \$ in Millions		Increase/Decrease in %over 2008-09
		2008-09	2009-10		2008-09	2009-10	
1.	Australia	108.01	117.30	(+) 8.60	23.73	24.62	(+) 3.75
2.	Canada	234.25	248.13	(+) 5.93	51.47	52.09	(+) 1.21
3.	France	361.54	386.60	(+) 6.93	79.43	81.15	(+) 2.17
4.	Germany	744.48	782.57	(+) 5.12	163.57	164.27	(+) 0.43
5.	Italy	270.23	294.58	(+) 9.01	59.37	61.84	(+) 4.16
6.	Japan	187.33	201.65	(+) 7.64	41.16	42.33	(+) 2.84
7.	Netherland	231.77	248.70	(+) 7.30	50.92	52.21	(+) 2.53
8.	UAE	478.40	517.99	(+) 8.28	105.11	108.73	(+) 3.44
9.	Switzerland	111.79	121.26	(+) 8.47	24.56	25.46	(+) 3.66
10.	USA	2255.75	2489.19	(+) 10.35	495.6	522.52	(+) 5.86
11.	U.K.	863.11	928.06	(+) 7.53	189.63	194.81	(+) 2.73
12.	LAC	132.53	144.56	(+) 9.08	29.12	30.34	(+) 5.63
13.	Other Countries	2203.93	2238.35	(+) 1.56	484.21	469.86	(+) 2.96
	Total	8183.12	8718.94	(+) 6.55	1797.88	1830.23	(+) 1.80

As evident from the exhibit 2, there is growing export market worldwide. Yet there is high competition in the export market and hence there is the need for developing competitiveness of Indian handicraft industry. The paper here afterwards briefly comments on the nature of export market through analysis of German market as example.

Competitive situation as in German Handicraft Market

Apart from its own expanding handicraft industry, Germany is supplied by giftware and handicrafts from nearly all of the European countries. German firms often import specific product groups from a particular country. Major suppliers of **pottery** are, for example, Spain and Portugal; **fine exclusive stationery** comes from Italy, France and Switzerland; **candles** from Poland, China and Portugal; **dried flowers** from the Netherlands etc.

Fierce price competition in Germany is intensified by the increasing quantity of Chinese and Asian made products on the market. For India, this situation coupled with the relatively strong Indian rupee which

means that firms proving to be most successful in the recent past have offered niche market giftware and handicrafts, i.e., exclusive to Indian handicrafts items or new-to-market products.

Product Standards

In view of the wide field of products that could be considered as giftware and handicrafts, it is difficult to name standards. Compliance with EU standards and regulations is strongly suggested. There are, however, only few product groups in the giftware and handicrafts field that have to follow standards. It is essential that *CE-labeling* be observed where required. The CE-mark (including conformity statement and technical documentation) is mainly required for toys (88/378/EEC standard). While the quality regulations for candles are obligatory assuring a certain level of quality, the toy regulation and the electronic standards have to be observed because of safety considerations.

Thus, analysis so far shows that Indian handicrafts are exquisite, sought after in the world market, yet there is competition in the export market for our product. In order to find out the effective role of CGHDB the SWOAT analysis has been done as follows :

SWOT Analysis of the Indian handicrafts industry

Strengths

- Abundant and cheap labour hence can compete on price
- Low capital investment and high ratio of value addition
- Aesthetic and functional qualities
- Wrapped in mist of antiquity
- Hand made and hence has few competitors
- Variety of products which are unique
- Exporters willing to handle small orders
- Increasing emphasis on product development and design up gradation

Opportunities

- Rising appreciation for handicrafts by consumers in the developed countries
- Widespread novelty seeking
- Large discretionary income at disposal of consumer from developed countries
- Growth in search made by retail chains in major importing countries for suitable products and reliable suppliers
- Opportune for agencies to promote marketing activities
- Use of e-commerce in direct marketing

Weaknesses

- Inconsistent quality
- Inadequate market study and marketing strategy
- Lack of adequate infrastructure and communication facilities
- Capacity to handle limited orders
- Untimely delivery schedule
- Unawareness of international standards by many players in the market

Threats

Decline in India's share

due to:

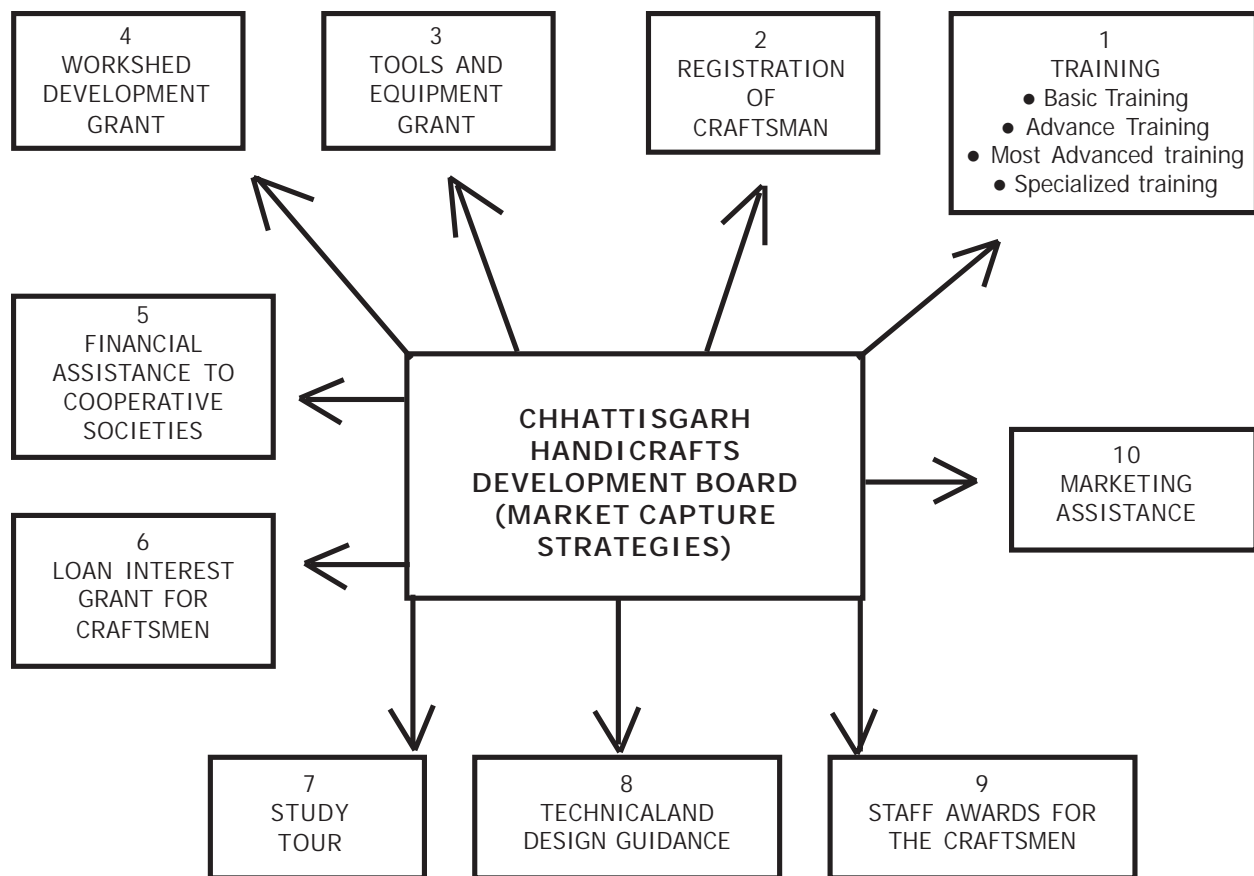
- Better quality products produced by competitors from Europe, South Africa, South Asia, etc.
- Better terms of trade by competing countries
- Consistent quality and increasing focus on R&D by competing countries
- Better packaging
- Stricter international standards

The Problem areas

Chhattisgarh Handicrafts Development Board (CGHDB) faced lots of problems to meet the growing demand of the handicrafts in the local, national and the world market. They were also aware of the fact that they are one of the best producers of the handicrafts in India and in spite of that, they were facing severe problem in establishing themselves in the market not only in Chhattisgarh State but also throughout the country. In view of these inadequacies, the Board has introduced the market capture scheme under the valuable guidance of Major Anil Singh the Chairman of the Board. This is a comprehensive scheme comprising of craftsman's training, providing finance and marketing supports.

MARKET COVERAGE STRATEGY ADOPTED BY CGHDB: Aims of the Schemes

1. To provide employment to the traditional and non-traditional the craftsman with the help of modern training.
2. To make available the most modern tools and equipments to the craftsman.
3. To provide the updated knowledge regarding the technical and design development to the traditional and non-traditional craftsmen so that they are aware of the ever changing market scenarios.
4. To enhance exports of the Handicrafts of the State.
5. To provide financial assistance for the production of handicrafts.
6. To revive the elusive crafts of the State and to preserve and conserve them.



The Contemporary Strategic move by CGHDB

1. Availability of raw material at reasonable rates

It has been observed that in few of the cases, the raw material for handicraft products is not locally available. This could be constraints in development of tribal crafts or sometimes there are costly. CGDHB had made arrangements to facilitate uninterrupted supply of standard raw material to crafts persons in appropriate quantity and quality at reasonable rates.

2. Provision for Special Fund

Development of tribal economy is the responsibility of the state governments. Though funds are released by the government of India for handicrafts, unfortunately no special fund is earmarked for development of tribal handicrafts by the central Govt.

To cater to this need, CGHDB released special funds for establishing training and design centers at block level in those districts where tribal population is more than 50 percent.

3. Credit Facilities/Financial Support

The crafts persons mostly work on job/contract basis and they do not have enough capacity to store the requisite raw materials to produce their own products. They are dependent on intermediaries for credit facilities/financial support at a higher rate of interest. Further, topographically, they live in remote and far-flung areas having no access to transportation. In view of this CGHDB have taken the initiatives to meet the requirement of the tribal craftsman.

4. Up gradation of technology and production techniques

Despite their best quality of products, the biggest handicap of these artisans is the absence of assured

market for their products partly due to lack of proper communication system which increases the cost of their products. On the other hand, there are substitute products such as plastic products which are cheaper compared to the handicrafts.

It has been observed that products are not as per market taste and preferences. The tools and equipments are also based on very old and traditional techniques leading to higher cost of production thereby causing difficulties in the sale of final products. The development of design for production of new items as well as improvements in traditional tools used in production are to be changed. The change needs to be attempted in a way so that the originality of the tribal designs is retained. CGHDB organizes regular seminars to train the craftsman with latest technology to fulfill those requirements. This helps the craftsman to upgrading their skills, product diversifications, product designing, produce market oriented products.

5. Parity between Handloom & Handicrafts Sector

It has been observed that Handicrafts sector is discriminated vis a vis. Handloom sector in terms of concessions. Since the production of handicrafts is even more time consuming than handlooms there should be parity between the two sectors.

6. Consultancy for Handicrafts Sector

Consultancy /seminars are regularly organized from time to time by CGHDB in different crafts for the benefit of artisans/exporters and dissemination of market intelligence, up-gradation of technology, standardization of quality and packaging for higher value addition of products.

7. Publicity of Tribal Handicrafts

Website on handicrafts profile of Tribal state and publication of brochures etc. would help promote the state handicrafts. Various display centres / sales outlets at important tourists' destination/ places in the state are being operated by CGHDB to position the handicrafts.

8. Implementation of Welfare Schemes For Artisans

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

9. Creation of Handicrafts Cells

For better marketing of products CGDHB opened handicrafts cells and also encouraged tribals to work through cooperative societies for supplying their products to the state government handicrafts cells to avoid uncertainty.

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

In order to promote handicrafts at the places of tourist spots, Urban Haats is opened in tribal states to provide regular marketing channel to artisans. State governments have established tribal "hatts" in important cities on permanent basis for continuous interaction. A sale cum demonstration centers "Shabri" is also established at important cities by CGHDB.

11. Skill dissemination by Master Artisans in each district

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

12. Establishing integration with other state departments

CGHDB have also established "Shabri Emporium" in New Delhi for the promotion of tribal handicraft in the state

The major outcomes of the efforts taken by Chhattisgarh Handicraft development Board

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

2. Bastar artifacts get patent cover:

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

Conclusion

As we have seen in SWOT analysis, Indian handicrafts are facing a tough challenge from machine made goods and Indian handicrafts are competing with the world. This sector is showing growth as a good sign for the future of the handicrafts sector. As once the handicrafts of Chhattisgarh were almost in the verge of eradication, Chhattisgarh Handicrafts Development Board played a crucial role to revive and meet this challenge of the handicrafts of the state. The state of Chhattisgarh is very famous for its handicrafts which are specially produced by the tribal of Bastar and Raigarh districts. Due to the economic and social issue, the tribal is not in position to earn their livelihood depending only on the handicrafts but as sincere effort was taken by CGHDB by planning strategies of marketing, now the tribal is taking interest in their ancestral art and also learning the new designs and techniques to meet the international challenges. The training provided to the craftsman gives them the strength by rising the opportunities and removing their weakness by converting them to strength and coping with the threats. Finally it was a correct decision what the Chhattisgarh Handicraft Development Board have taken to capture the market with the help of various strategies that not only helped to create a mark of Chhattisgarh state in Handicraft market of India and world but also uplifted the livelihood of tribal artisans and encouraged tourism in Chhattisgarh India.

Note:

*Major Anil Singh is the founder Chairman of Chhattisgarh handicraft Development Board. Born in peasant family, he is trained NCC cadre. He has been engaged in the upliftment of backward people of Surguja Bastar District of Chhattisgarh to provide them with better health and education facilities. He has been looking for the youth to be involved in the state handicraft sector and make handicraft their career opportunities. Alongside developmental programs for the artisans the handicraft Board has developed an inclusive family culture which made each employee a responsible person to work for the betterment of the industry.

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Appendix

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

