

Initiative to Improve the Handloom and Handicraft Products of North East

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October, 2002



Confederation of Indian Industry

EXECUTIVE SUMMARY

TITLE OF THE STUDY

CII INITIATIVE TO IMPROVE THE HANDLOOM AND HANDICRAFT PRODUCTS OF NORTH EAST

The present report on the 'Handloom and Handicraft Sector' in North East India has been prepared on the basis of the terms of reference (ToR) suggested by NEDFi and the feedback received from them on the draft report. The field team interacted with artisans, traders, Government officials and policy makers related with the handloom and handicrafts in all the eight States that are members of the North Eastern Council (NEC).

Some of the major findings from the study are as follows:

The Producers: Artisans:

- o The literacy rate among the artisans is higher than the average rate recorded for the North Eastern region.
- o Sex ratio (number of women per thousand men) is higher among the artisans compared to that for the North Eastern region as a whole.
- o Land endowment of the artisans is much lower than the corresponding state Averages
- o Every 14th person in the North Eastern region is dependent on handloom and handicraft products for livelihood.
- o On an average 80% of the income of those engaged in handloom and handicraft sector comes from this sector.
- o However, handloom and handicraft sector provides more than 90% of livelihood to around 61% of the artisanal households in Northeast.
- o The average artisanal unit derives 60% of its labour demand from within the household.
- o The share of raw materials in the value of the product is around 30%, ranging from a high of 42% to a low of 5% depending on the product.
- o The extent of value addition as a percentage of prices earned by the artisans is around 32%.
- o The difference between the average price earned by the artisan and that at which the products are sold in the local market is more than 31%.
- o Daily value addition per unit of an average product is Rs. 62.47.

The Consumers: Glimpse:

- o Around 93% said that they like handloom & handicraft products from Northeast.
- o 60% of them found the products from Northeast useful.
 - o Around 65% do not feel the products to be too costly to afford
- o More than 70% of them feel that the products need redesigning to meet the requirements of the consumers
- o More than 76% feel that the channels of marketing these products are insufficient
- o Around 84% want the marketing channels to be managed by professionals.
- o Around 66% desire the marketing channels to be run by the private sector
- o They underscored the need to aggressively advertise the products
- o They are in favor of promoting professional Handloom and handicraft marketing centers all around the country.
- o 83% of the respondents consider that the corporate sector can play a major role in marketing the products

On the basis of the information gathered from both the producers and the consumers, the study attempted to look into the Strengths, Weaknesses, Opportunities and Threats (SWOT) in relation to the handloom and handicraft products in the North Eastern states of India. The relevant SWOT matrix is given overleaf.

SWOT Matrix: Handloom and Handicraft Products of North-East Strengths

- o **Brand value:** most of the consumers assigned high values to Handloom & Handicraft products from Northeast.
- o **Quality:** consumers feel that buying Handloom & Handicraft products from northeast provides enough value to their rupee.
- o **Variety:** wide range of product and variety in terms of motif, material, color etc.

Weaknesses

- o **Information lag:** artisans are not well informed about the rapidly changing fashion world.
- o **Intermediaries:** existence of large number of intermediaries in Handloom & Handicraft trade hampering producer-consumer relation.
- o **Low rate of capital formation:** the capital-output ratio is very high due to inefficiencies in production system and the high family size of a typical artisan family leads to low saving and subsistence level of production.

Opportunities

- o **Direct interaction:** creating scope for direct interaction between the producers and consumers through professionalizing the supply system.
- o **Advertising and communicating:** informing people about the product range of North Eastern Handloom & Handicraft product and assigning ‘snob’ image to high priced products.
- o **Brand promotion:** strengthening of the ‘brand’ possibly through trade marking and quality assurance.

Threats

- o **Misuse of brand:** the brand has no trademark. Consumers may be cheated through selling other products under this band. This subsequently may affect the true North Eastern products.
- o **Low returns:** low returns from Handloom & Handicraft production and subsistence standard of living may lead to a exodus of artisans and future artisans from this profession.

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In the light of the SWOT analysis, the study underscored the need to develop an Institutional set up that may facilitate the implementation of the desired changes. Any production system is constituted of a good number of apparently independent but interlinked sub-systems. They are:

- ✚ Input procurement sub-system ✚ Input processing sub-system
- ✚ Technology sub-system ✚ Output sub-system
- ✚ Output processing sub-system and ✚ Marketing sub-system

Thus it is evident that establishing a strong marketing channel is contingent upon not only strengthening each of the sub-systems but also developing an effective feed-back mechanism across these sub-systems.

To conclude, the study argues that the Handloom & Handicraft sector in the North East has a strong potential to stand on its own and act as an engine of growth for the entire region. The artisans are endowed with considerable amount of human capital. However, they are constrained by the insignificant size of the market for their product. This does not mean that a bigger market is non-existent. The marketing channel between the producer and the ultimate consumer is nearly non-existent. Consequently, the capacity of the artisans to imbibe new technologies for

treatment of raw materials, produce new products and produce them in good quantities is far below the level of sustenance. Hence the partial dependence on Handloom & Handicraft sector for livelihood among many of them. A proper coordination among all the sub-systems carried out in a professional way will lead this sector to sustainability. In an ideal situation the market would have played the role of coordination. However, handloom products and handicrafts are traditionally produced for self-consumption or at the most for others belonging to the communities. Proper markets for them are yet to be developed. The present situation is clearly an example of the problem of 'non-existence of market' and the subsequent problem of 'rent seeking' by some vested interests. As is the characteristics of the non-existence of a proper market, no precise information, database exists that may be used to identify the present status of the sub-systems and their dependence on one another. Generating such a database should be accorded the topmost priority today. CII can facilitate a vital role in initiating the process of developing a market and its antecedent infrastructure for the handloom and handicrafts of this region. A 'Center' to take care of both product diversification and marketing may be developed at a suitable location — Guwahati or Imphal — to facilitate such process of 'Market Development'. For example, the members of CII across the country procure artifacts in huge quantities during Diwali, Christmas and New Year as gift items to be presented to their clients. The proposed 'Centre' may supply the requirements of the industrial houses from out of the produce of the Handloom & Handicraft sector of the North Eastern region. NEDFi should also collaborate in this endeavour with its vast repository of local knowledge. A separate note on the structure of the proposed 'Centre' accompanies this report. Such a modest beginning may go a long way in providing the necessary push towards developing a proper market mechanism for the Handloom & Handicraft products of this region.