WORKING GROUP REPORT
ON HANDICRAFTS FOR
12th Five Year Plan

Ministry of Textiles, Govt. of India
Preface

Handicrafts of India represent our cultural tradition in true sense, as Indian way of life is replete with products made with the help of simple, indigenous tools by crafts people who belong within a strong fabric of tradition, aesthetic and artistry. The range of Indian Handicraft is as diverse as the culture diversity of the country. They embody our heritage of creativity, aesthetics and craftsmanship. At a more substantial level the Handicraft tradition has sustained generation of people in our country. As a highly decentralized activity the Handicraft industry is a shining example of using local resources and local initiatives.

The 11th Plan faced the great challenges due to the changing economic climate and the global recession. The effects were seen in the first three years of the plan period. However, due to the various policy initiatives of the government, the last two years of the plan period have seen improvement and increasing growth rates. The operational schemes of the 11th Plan showed merit, registering a growth of approximately 20% in exports. Many artisans who had left the sector, started to get involved in the industry. Despite the difficulties faced by the sector in the 11th Plan, it has shown resilience and is growing stronger. At present, it is estimated that we have a work force of almost 70 lakh and export worth Rs. 10,000 Cr.

With the above background, the Working Group started its deliberation for preparation of a strategy for the 12th Plan Period, with the aim to create a globally competitive Handicrafts Sector providing sustainable livelihood opportunities to the artisans and thereby resulting in inclusive socio-economic development at the grass root level. All the members of the Working group during the deliberations had shown keen interest and provided useful inputs for the betterment of the sector. This is a perfect example of Government and Civil society working together in order to create a model for development which will address the need of all concerned.

Through this report we have tried to touch upon all relevant issues which will be affecting the sector in future. For this purpose different sub groups were constituted so that each topic can be deliberated comprehensively. Further, the inputs given by different stakeholders during formal/informal consultation have also found to be very useful for the purpose. The report not only indicates the problems but also has provided probable solutions for the same.
I once again thanks all the Working Group and Sub group members along with all other persons involved in this report preparation for their contribution because of which this report has become the possibility in such a short time.

Rita Menon
Secretary [Textiles]/Chairperson Working Group
Acknowledgement

The task of preparation report of the Working Group on Handicrafts Sector for 12th Plan was a very challenging. It required constant guidance & continuous inputs to bring the report in this shape within the given time.

This task could not have been accomplished without the active support & hands on guidance of Secretary [Textiles] who as the Chairperson of the Committee has given priority to this report over any other item of work. She has provided encouragement to all of us at every stage of report preparation. Her involvement in this work has driven us all to perform this task on schedule.

This report could not have been completed without the splendid support and cooperation of the members of the Working Group and the Subgroups. The members of these groups spared their valuable time to ensure presence in the meetings and provide inputs for preparing the report. Their comments and suggestions form an integral part of this document. The report also includes inputs from various other eminent persons/stakeholders who were though not a member of these groups but still had provided their suggestions for the betterment of the sector.

Among the members and invitees, special help was extended in preparing this document by Mrs. Gulshan Nanda, Co-chairperson of the Working Group, Mrs. Alka Arora, Addl. Development Commissioner for Handicrafts, Shri Rohit Bhardwaj, Director[Handicrafts], Shri Rakesh Kumar, Executive Director, Export Promotion Council for Handicrafts, Shri R.K. Srivastava, Executive Director, National Centre for Design & Product Development and officers & staff of Office of the Development Commissioner [Handicrafts].

I also extend my special thanks to different organization involved for completing this task successfully and in time bound manner.

S.S. Gupta
Development Commissioner [Handicrafts]/
Member Convener Working Group
Background and Methodology

As part of the process for the preparation of the 12th plan report, a Working Group (WG) on the Handicrafts sector was constituted to analyze the sector, formulate goals and create recommendations.

The WG on Handicrafts held its first meeting on 14.06.2011 chaired by Secretary (Textiles). It finalized the methodology and time line completion of the plan as well as constituted the subgroups and drafted ToRs for these sub-groups. Five subgroups were constituted, and each subgroup met three times between the months of June, July and August 2011. The details of the subgroups and meetings held is summarized in the following table:

<table>
<thead>
<tr>
<th>Name of the subgroup</th>
<th>Date of 1st meeting</th>
<th>Date of 2nd meeting</th>
<th>Date of 3rd meeting</th>
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<tr>
<td>II - Cluster, Infrastructure and Technology</td>
<td>27.06.2011</td>
<td>12.07.2011</td>
<td>29.07.2011</td>
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The key agenda of these meetings was to have elaborate discussions on the identified topics as per the ToR for each subgroup and finalize a set of recommendations for the 12th FYP. The recommendations were documented and reports were prepared for each subgroup.

The recommendations of the subgroup were presented to the working group in the second meeting of the group held on 17th August 2011. The working group made suggestions to for improvements in the 12th plan proposals and accordingly this consolidated report has been prepared.

The methodology adapted for the preparation of the Draft Working Group report for 12th Plan Period may be summarized in the following points:

- Constitution of Working Group
- First meeting of the Working Group
- Constitution of Subgroups
- Meetings with the Subgroups
Circulation of feedback form to the members and regional offices of the DC(H)
Meeting with regional directors, field formations and implementing agencies
Review and analysis of all suggestions received
Preparation of Subgroup Reports
Presentation of the report to the subgroup members
Incorporation of the feedback received
Preparation of the final subgroup reports
Second meeting of the Working Group
Preparation of the Draft Working Group report
Circulation of the draft report to all working group members for comments and suggestions
Revisions to the draft report incorporating the suggestions
Preparation of final Working group report
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## Abbreviations

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<tbody>
<tr>
<td>B2B</td>
<td>Business to Business</td>
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<tr>
<td>AHVY</td>
<td>Babasaheb Ambedkar Hastshilp Vikas Yojana</td>
</tr>
<tr>
<td>CEPC</td>
<td>Carpet Export Promotion Council</td>
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<tr>
<td>COHANDS</td>
<td>Council of Handicrafts Development Corporations</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DA</td>
<td>Dearness Allowance</td>
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<tr>
<td>DC(H)</td>
<td>Development Commissioner (Handicrafts)</td>
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<td>DMAP</td>
<td>Design Mentorship and Apprentice Programme</td>
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<tr>
<td>DTUS</td>
<td>Design and Technology up-gradation scheme</td>
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<tr>
<td>EDP</td>
<td>Entrepreneurship Development Programme</td>
</tr>
<tr>
<td>EPCH</td>
<td>Export Promotion Council for Handicrafts</td>
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<tr>
<td>GI</td>
<td>Geographical Indication</td>
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<td>HRD</td>
<td>Human Resource Development</td>
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<tr>
<td>ICCR</td>
<td>Indian Council of Cultural Relations</td>
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<tr>
<td>IICT</td>
<td>Indian Institute of Carpet Technology</td>
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<tr>
<td>IIIFT</td>
<td>Indian Institute of Foreign Trade</td>
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<tr>
<td>JBY</td>
<td>Janashree Bima Yojana</td>
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<tr>
<td>MHSC</td>
<td>Metal Handicraft Service Centre</td>
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<tr>
<td>MoT</td>
<td>Ministry of Textiles</td>
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<tr>
<td>MSS</td>
<td>Marketing Support and Services Scheme</td>
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<tr>
<td>NCDPD</td>
<td>National Centre for Design and Product Development</td>
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<tr>
<td>NER</td>
<td>North East Region</td>
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<tr>
<td>NGO</td>
<td>Non Government Organizations</td>
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<td>NID</td>
<td>National Institute of Design</td>
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<td>NIFT</td>
<td>National Institute of Fashion and Technology</td>
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<td>Abbreviation</td>
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<tr>
<td>O/o</td>
<td>Office of</td>
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<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
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<tr>
<td>PSUs</td>
<td>Public Sector Units</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>RGSSBY</td>
<td>Rajiv Gandhi Shilpi Swasthya Bima Yojana</td>
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<tr>
<td>SC</td>
<td>Scheduled caste</td>
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<td>SG</td>
<td>Sub Group</td>
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<td>SHGs</td>
<td>Self Help Groups</td>
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<td>ST</td>
<td>Schedule tribe</td>
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<td>TA</td>
<td>Travelling Allowance</td>
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<td>Terms of Reference</td>
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<td>TPO</td>
<td>Trade Promotion Organization</td>
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Executive Summary

The 11th Plan faced the great challenges due to the changing economic climate and the global recession. The effects were seen in the first three years of the plan period. However, due to the various policy initiatives of the government, the last two years of the plan period have seen improvement and increasing growth rates. The operational schemes of the 11th plan showed merit, registering a growth of approximately 20% in exports. Many artisans who had left the sector, started to get involved in the industry. Despite the difficulties faced by the sector in the 11th plan, it has shown resilience and is growing stronger.

The growth of exports indicated in the following chart reflects the impact of the governmental initiatives:

Now towards the end of the Eleventh Plan, the Planning Commission is in process of formulating the Twelfth plan. In line with the 12th Plan objective to achieve faster, more inclusive and sustainable growth, the strategy under the 12th Plan for the Handicrafts sector aims at creating world class globally competitive environment, providing sustainable livelihood opportunities to the artisans and thereby resulting in balanced socio-economic development and inclusive growth.
Projections for the 12th plan

Projections for Handicrafts

The exports of handicrafts is expected to reach INR 28368 cr (approx US$ 6177 million) in case an average growth of 18% per annum is maintained during the 12th Five Year Plan period. The Compounded Annual Growth Rate (CAGR) during the period 2012-13 till 2016-17 is 18%. The percentage change is depicted in the following figure.

The interventions will have a cascading effect on the production and sales in domestic markets. Assuming that 40% of the production for **Handicrafts** is consumed in domestic market and 60% is exported, the production and domestic consumption figures are as follows:
The current employment as in 2010-11 is 6.7 million; however, the number of individuals to be employed with sector by 2016-17 is estimated to be 12.29 million. The CAGR during the period 2012-13 till 2016-17 is assumed @10 %.
Projections for the carpets sector

Similarly the carpet sector is also assumed to sustain a CAGR of 18%. At this rate the carpet export is projected to increase from INR 2993 cr in 2010-2011 to 9079 cr in 2016-17.

Further assuming that 10% of the production in the carpets is consumed in domestic market and 90% is exported, the production and domestic consumption figures are as follows:
Recommendations for the 12th plan

As given in the preface of this report, five subgroups had been constituted for deliberations on the handicrafts sector. Based on the recommendations of the subgroups, the existing DC (H) schemes were modified, and two new schemes have been introduced.

The modifications made in the existing schemes can be classified broadly into four categories, and the justification for these changes is as follows:

- Increase in the financial allocations: This modification has been made in all components of all schemes. All members of the sub-groups had unanimously demanded for this change owing to the inflation observed in the markets. It is essential to align the schemes to the current market trends to make them sustainable for the future.

- Modifications to the eligibility criteria and number of participants in some scheme components. This change has been made in view of (a) performance of the
components in the previous financial year, (b) the challenges faced by the DC(H) staff and implementing partners in implementation of the components e.g ensuring the requisite number of participants in fares and exhibitions, lack of availability of requisite land for urban haats etc and (c) feedback received from DC(H) offices.

Repositioning of infrastructure components from the schemes: All infrastructure components have been clubbed under the new ‘Infrastructure and Technology development scheme’ This ensures focused approach to development of infrastructure which is the most important need of the handicraft sector today.

Renaming some of the scheme components to reflect the true nature of the activities being undertaken in the component and remove complexity.

Important note:

- All components given in the scheme can be implemented departmentally also by the offices of DC(H) at any point in time.
- The word ‘Artisans’ will also include carpet weavers
- Where ever EPCH is mentioned in the eligibility clause, CEPC is also eligible or visa-versa.
- State Governments shall be duly informed about the different schemes and also regular interactions will be held with the State Government officials.

Along with these modifications, the key set of recommendations for each scheme are summarised as follows:

1. **Baba Saheb Ambedkar Hastshilp Vikas Yojna**
   - Enhancement of allocation for each cluster from Rs 20,000 per artisan to Rs 30,000 per artisan for 5 years
   - Shift from allocation based scheme to demand driven scheme. All projects must be sanctioned based on a DPR prepared by a professional agency in consultation with the cluster stakeholders
   - Focus on a strong marketing strategy; hiring qualified and committed designers Design Workshops to be conducted based on proper market research and creation of a digitized design bank
   - Stress on improving baseline surveys – increase time period from 3 to 6 months
Classification of clusters into 3 categories:

- Tier I: Small clusters with 100-1000 artisans
- Tier II: Mid-sized clusters; No of artisans - >1000 & <5000;
- Tier III: Export oriented clusters; >5000 artisans;

2. Design and Technology up-gradation scheme

- The prototypes developed in the design workshops and integrated projects must be allowed to be showcased.
- Young designers should also be sponsored to attend these marketing events.
- Revamp the process of empanelment of designers at DC(H).
- Introduce Young craftpersons award/scholarship (under 35 years of age) to encourage and give recognition to the younger generation of craftspersons.
- Scholarship scheme for children to be extended to children of all craftsmen.
- Exporters may be considered for financial assistance for engaging national & international Designers.
3. Marketing Support and Services scheme

Domestic marketing

- Introduce a national level event on the lines of National Handlooms Expo to ensure more visibility to the sector
- Initiate new consumer awareness scheme for domestic markets
- Well managed, authorized kiosks/shops at museums, airports, hotels, railways stations, metros etc may be supported
- Introduce component for artisans to tie up with big retail chains and display their products.
- Make provision of hiring expert event management companies to organize the marketing events.
- Craft bazaars/melas to be planned in advanced to ensure participation and avoid repetitive locations/participants. TA may be given to all artisans participating in fairs and exhibitions on actual basis
- Marketing infrastructure sub-component to be shifted to a separate scheme to ensure focus.

International marketing

- Budgetary provisions under each head have to be modified to meet the current market trends and cost
- Budget for overseas exhibitions should also account for interpreter cost along with the cost of contributing factor in the respective countries.
- Provisions for setting up of warehouses abroad for use by Indian exporters may be considered
- Special focus on the development of products to meet the export market requirements

Other areas of special focus addressed in the MSS scheme are:

- Brand Building: Focus on creating the ‘Handcrafted in India’ brand and promotion through dedicated campaign
- Geographic Indications: supporting post-GI and pre-GI activities at various levels
Marketing of handmade carpets: CEPC to be made eligible for seeking funds under the scheme.

Entrepreneurship development

4. Human Resource Development Scheme

- Improve effectiveness of training programs
  - Guidelines should be developed for syllabus/training modules
  - Concept of participatory training may be adopted
  - Publicity of training programs
  - Introduce computer based training programs
  - Strengthening monitoring and feedback mechanisms

- Improve infrastructure provision at training centres

- Only agencies that display demonstrable capability of market linkages, network relations with technology institutions, should be provided sanctions for such programmes

- Procedures for processing of applications for sanction of various programmes must be streamlined

5. Handicrafts Artisans Comprehensive Welfare Schemes

- Increase number of OPD/IPD facilities: Empanelled list of hospitals needs to be revised to cover Government Hospitals

- Increase financial coverage

- Reducing medi-claim settlement period: All claims should be settled within 30 days and in exceptional circumstances, 45 days.

- Improve identification and monitoring mechanisms

- Sum insured to be increased from the existing Rs.15,000/- to Rs.30,000/- and Rs.50,000/- incase of critical illness

- The limit of Rs.7,500/- should be increased to Rs.15,000/- for OPD

- Introduction of new pension scheme

- Focus on creating synergy with programs of other ministries and departments to avail benefits for the Handicraft artisans on a priority. The areas of synergy are:
  - Housing and infrastructure in the locality
• Support for up-gradation of sanitation
• Equipments like solar lighting to improve living condition

Non plan scheme of ‘Financial assistance to artisans in indigent circumstances ‘to be shifted to plan scheme.

6. Research and Development Scheme

Regular studies to be commissioned for gathering market intelligence on saleable designs and trends

Various areas of research that are proposed to be the focus for the next 5 years are

• Environment impacts of craft processes and compliance
• Occupational health and safety issues
• Low cost tools and equipments
• Regulatory compliance issues
• Geographic Indication

New schemes

1. Infrastructure and Technology Development Scheme

The scheme aims at the development of world class infrastructure in the country to support handicraft production, and enhance the product quality and cost to enable it to compete in the world market.

The objectives of the scheme are as follows:

To develop infrastructure in an equitable manner to support handicraft industry in the country

To ensure availability required technology, product diversification, design development, raw material banks, and marketing & promotion facilities in nearest vicinity possible

To enhance the competitiveness of the products in terms of increased market share and ensuring increased productivity by higher unit value realization of the products
To improve the resource pool of skilled persons in the country by developing high class institutes that provide certified courses and degrees in Handicraft field – enhancing skill development in the country

Scheme components The scheme will comprise of the (a) components repositioned from existing schemes of the Office of the DC (Handicrafts) and (b) additional new components.

(a) Components repositioned from existing schemes of the Office of DC (H)

Components repositioned from the Marketing Supply and Services scheme are:

- Urban Haat
- Mini Urban Haat (proposed)
- Emporia
  - Own building class A towns; Own building class B,C towns, Rented Building and funds for Renovation
- Warehousing facility
- Setting up Marketing Hubs in metros
- Setting up of sourcing hubs

Components repositioned from the Design and Technology up gradation scheme is:

- State initiative Design Centres
- Handicrafts museum

Components repositioned from the AHVY scheme are:

- Establishment of craft based resource centre
- Setting Up of E-Kiosks
- Setting up common facility centre
- Setting up raw material bank
- Setting up of facility centres by exporters/ entrepreneurs

(b) Proposed new components of the infrastructure scheme

- Craft Institute upgradable to University
- Crafts Village
- Integrated Handicraft park
Advanced Handicraft training schools
Structuring & Revitalizing existing institutions into centre of excellence & syndication of their activities
Testing Laboratory
Restructuring of Regional Design and Technical centres

2. Special scheme for the North Eastern Region (NER)

The objectives of the scheme are as follows:

- Integrated and Inclusive model for the overall development and promotion of the Handicraft and Handcrafted Textiles from all the states of North East.

- To promote artisans / entrepreneurs and craftsmen for enterprise development from all the States of North East.

- To create North Eastern Handicrafts and Handmade Textiles Clusters as centre for excellence [based on philosophy of co-operation] with well integrated forward and backward linkages.

- To provide adequate infrastructure support for improved quality and productivity and to enable entrepreneurs / artisans access to a larger market segment, both domestic and international.

- Introduction of institutional framework of development.

- To increase employment opportunities in NER

- Increase competitiveness of NER entrepreneurs and their entry into formal economy.

Scheme components:

1. Capacity Development / Skill Development / Training
2. Design & Product Development
3. Infrastructure Development
4. Market Access
### Financial outlay:

Total financial outlay for 12th plan period is proposed as 4519.06 cr.

<table>
<thead>
<tr>
<th>Name of the scheme</th>
<th>Total Financial Outlay (INR cr)</th>
<th>Liabilities (INR cr)</th>
<th>Total Planned expenditure (INR Cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Design and Technology Upgradation Scheme</td>
<td>146.81</td>
<td>11.00</td>
<td>157.81</td>
</tr>
<tr>
<td>2 Marketing Support and Services Scheme</td>
<td>765.90</td>
<td>14.95</td>
<td>780.85</td>
</tr>
<tr>
<td>3 Human Resource Development Scheme</td>
<td>201.25</td>
<td>15.00</td>
<td>216.25</td>
</tr>
<tr>
<td>4 Artisan Welfare Schemes</td>
<td>1207.65</td>
<td>0.00</td>
<td>1207.65</td>
</tr>
<tr>
<td>5 Infrastructure Scheme</td>
<td>897.00</td>
<td>0.00</td>
<td>897.00</td>
</tr>
<tr>
<td>6 Baba Sahib Ambedker Hastshilp Vikas Yojna</td>
<td>675.00</td>
<td>367.00</td>
<td>1042.00</td>
</tr>
<tr>
<td>7 Special Package for NER</td>
<td>120.00</td>
<td>0.00</td>
<td>120.00</td>
</tr>
<tr>
<td>8 Research and Development</td>
<td>90.00</td>
<td>7.50</td>
<td>97.50</td>
</tr>
</tbody>
</table>

**Total Financial Outlay**  | 4103.61  | 415.45  | 4519.06
1 Handicrafts sector overview

Handicraft activity is predominantly carried out in the unorganized household sector. Handicraft artisans/ manufacturers are household members practicing handicrafts activity jointly at their residence, who if need arises employ other handicraft artisans for work. In many regions of the world, handicrafts sector has been identified as the second largest sector of rural employment after agriculture.

The handicrafts industry has over the years contributed significantly to the employment and foreign exchequer of the country. It is omnipresent with each state contributing through one or more crafts and has made tremendous progress during the last decade. However, despite the large production base the market at international level is still unexplored. India’s share in the world handicraft exports is less than 2%. There is, therefore, an urgent need to raise the share of India’s exports from about 2 – 4% of world exports in the next 5 years thereby ensuring that the contribution of exports sector to the growth of the economy is further enhanced.

The 11th Plan faced the great challenges due to the changing economic climate and the global recession. The effects were seen in the first three years of the plan period. However, due to the various policy initiatives of the government, the last two years of the plan period have seen improvement and increasing growth rates. The operational schemes of the 11th plan showed merit, registering a growth of approximately 20% in exports. Many artisans who had left the sector, started to get involved in the industry. Despite the difficulties faced by the sector in the 11th plan, it has shown resilience and is growing stronger.

Now towards the end of the Eleventh Plan, the Planning Commission is in process of formulating the Twelfth plan. In line with the 12th Plan objective to achieve faster, more inclusive and sustainable growth, the strategy under the 12th Plan for the Handicrafts sector aims at creating world class globally competitive environment, providing sustainable livelihood opportunities to the artisans and thereby resulting in balanced socio-economic development and inclusive growth.
1.1 Historic Development of approach to the handicraft’s sector

In the early 70’s the Government’s focus was on preservation of the crafts, skill upgradation and welfare, addressing the livelihood concerns of the artisans.

In the 80’s and 90’s the Government shifted its focus to enhance and tap the potential of export market. The aim was to improve the socio economic conditions of artisans by providing employment opportunities. Extensive training programmes in various crafts such as carpets, textiles, metal, cane & bamboo, wood craft, etc. were undertaken to train the manpower and increase production base. Extension services were introduced to disseminate information to the artisan community on markets, products, credit, raw materials, etc. apart from creating useful database.

The concerted efforts of the previous phases led to creation of a viable and diverse production base and pool of skilled artisans. In the next phase of development the Government started focusing on facilitating exports. Two Export Promotion Councils - Carpet Export Promotion Council and Export Promotion Council of Handicrafts were set up in 1984 and 1986 respectively with the mandate for adopting appropriate strategies to enhance exports from the country.

In the beginning, the exports were facilitated by groups of individual exporters participating in international exhibitions abroad at a considerable cost. This approach was not feasible for small and emerging exporters who constituted a vast majority. In order to address these issues, the International Carpet Fair at Varanasi & Indian Handicrafts & Gifts Fair at New Delhi was started in 1989 in 1994 with active assistance & financial support from the Government. These fairs enabled the foreign buyers from across the globe to have access to the country’s entire range of products at a single location. In addition, these fairs also provided a viable option to the small producers/exporters to showcase their exquisite products to a global audience.

The growth of exports indicated in the following chart reflects the impact of the governmental initiatives:
1.2 Constraints in the Handicrafts sector

The handicraft sector in India, despite having economic and social significance, currently faces a number of threats and challenges which hamper its growth. These issues can be tackled through appropriate policy measures as well as developmental activities. Some of these issues have been highlighted in the following sections.

**High state of decentralization:** Most of the artisans working in the sector prefer to work independently, not collectivized in any formal structure. Hence all their activities are decentralized, minimizing their efficiency and production capacity. This independent working structure has a huge impact on the individual cost of raw material, transportation and other ancillary activities. Though efforts have been made to formalize the artisans into groups or other institutional structures as part of numerous government policies and departmental schemes, the impact has not been as expected.

**Lack of access to credit:** At present most of the artisans engaged in the sector are from economically weaker sections, and constantly face problems due to lack of resources. There is a huge deficit between their financial requirement (for daily expenditure & working capital) and their earnings. To meet this deficit they forced to seek credit from local sources- traders and money-lenders, who charge a very high interest rate and have highly
inflexible terms. To counter these issues, various schemes and services have been initiated by the government and several financial institutions.

**Lack of empowerment:** Due to the existence of an unorganized and informal structure in the handicrafts sector, it has lead to high level of dependence of the artisans on external factors for support in various activities in the input and supply chain. These external factors are often found to be the middlemen (usually traders), who exploit these artisans for their own profits. Introduction of formal structures of organization amongst these artisans and some policy measures towards this direction can improve the situation.

**Inadequate raw material input:** At present majority of the artisans source the raw materials available locally (from natural resources, local markets, etc.). Some of these artisans use recycled raw materials (mostly scrap) due to inadequate supply or non-availability of good quality raw material. And due to over-utilization of the local resources, the artisans are forced to opt for alternate sources. This dependence on the external factors has resulted in non-timely delivery and heavy fluctuations in raw material prices.

**Inadequate Infrastructure and Technology:** The artisans are still using the age old technology and methods of production, which are highly inefficient. This restricts their production capacity and the quality of output. This is due to the lack of awareness or knowledge about the availability of appropriate tools & technology and other developments in the sector. Reluctance amongst the artisans to incorporate these changes is also an important factor aggravating this issue. Also the lack of basic infrastructure and civic amenities- high cost of transportation, irregular electricity supply, sewage, worksheds, warehousing, etc. impact the development of the entire sector.

**Limited access to markets:** The demand of handicrafts products in the domestic as well as international market is huge and varied, majorly governed by the buyers demand and requirements. Despite such a high demand, only a fraction of artisans engaged in this sector have been able to utilize this opportunity; while most of the artisans have only been able to access just the local markets. As a result these artisans are absolutely dependent on traders, acting as middlemen, to sell their products in markets other that the local ones. Newer and better markets need to be linked to them directly so as to facilitate the development of the entire sector.

**Competition from machine-made products:** With the increasing mechanization of the production processes, the markets have been flooded with machine-made products, which were originally handcrafted. The handicrafts sector is facing stiff competition from such
machine-made products, as these products are cheaper (due to high economies of scale in production) and have a high production output amongst other factors.
1.3 SWOT Analysis

Table 1-1: SWOT analysis of handicraft sector

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of unique local raw materials e.g. natural fibbers, bamboo, cane, horn, jute, leather, etc.</td>
<td>Increasing emphasis on product development and design upgradation</td>
</tr>
<tr>
<td>Rich and diversified culture producing wide range of unique and exclusive handicrafts</td>
<td>Rising demand in domestic and traditional market</td>
</tr>
<tr>
<td>Strong existing pool of skilled artisans</td>
<td>Rising appreciation by consumers in the developed countries</td>
</tr>
<tr>
<td>Wide range of traditional production skills derived from indigenous knowledge</td>
<td>Government support and interest in preserving the craft</td>
</tr>
<tr>
<td>High potential for empowerment of women, youth and people with disabilities</td>
<td>Emerging markets in Latin America, North America and European countries.</td>
</tr>
<tr>
<td>Low production costs</td>
<td>Fair trade practices.</td>
</tr>
<tr>
<td></td>
<td>Increasing flow of tourists provide market for products.</td>
</tr>
</tbody>
</table>
- Lack of design, innovation and technology upgradation
- Highly fragmented industry
- Unstructured and individualized production systems
- Lack of strong umbrella sector organizations
- Limited capitalization and low investment
- Insufficient market information on export trends, opportunities and prices
- Limited access to credit
- Limited resources for production, distribution and marketing
- Limited e-commerce competence among producer groups
- Lack of adequate infrastructure, absence of latest technology
- Handicraft sector is not mainstreamed in planning priorities of many State Governments.
- Increasing threat from Asian countries
- Decreasing supply of good quality raw material.
- Better quality components, findings and packaging in other countries
- Lack of quality standardization process
- Declining investment in the sector (largely in the developed economies) and increasing consumer sophistication
- Absence of institutional support.
- High freight costs associated with air cargo and shipment
- High cost of production rendering Indian crafts less competitive in the markets
2 Review of Handicraft sector’s overall performance during the 11th plan period

At the end of 10th five year plan the export of Indian Handicraft Industry was at its peak, and owning to the success of the previous policies, no new policies were introduced in the 11th plan period. The existing policies were modified and eight existing operational schemes were clubbed and converted into six schemes. But after the introduction of 11th five year plan, global economy witnessed downfall. The global economic scenario adversely impacted the exports of Indian handicrafts, as one of its leading importer United States of America, was badly affected. The decline in the export of around 37% was recorded. However, recovery was recorded in the later part of the plan period and we are again witnessing with a growth rate of around 20%.

This chapter reviews the overall performance of the schemes and their contribution to the growth in exports and other areas in the Handicrafts sector.

The office of DC (H) had been operating six schemes during the 11th plan period. The schemes and their respective aim are as follows:

- **Ambedkar Hastshilp Vikas Yojana (AHVY)** aims at organizing artisans in clusters for self sustainable development.
- **Design and Technological Up gradation; Aims at providing Design and Technology related inputs for the industry.**
- **Marketing Support and Services Scheme** provides support for domestic and international marketing and creation of marketing infrastructure.
- **Research and Development scheme** focuses on conducting survey and evaluation studies for enhancing the industry knowledge.
- **Human Resources Development schemes** aims at skill development and Capacity Building of all stakeholders in the handicraft sector.
- **Handicrafts Artisans Comprehensive Welfare Scheme** provided health Insurance under Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY) and general insurance under Janashree Bima Yojana (JBY).
Table 2-1: Scheme wise details of fund utilization

<table>
<thead>
<tr>
<th>S.No</th>
<th>Schemes</th>
<th>Approved outlay</th>
<th>Final grant</th>
<th>Expenditure</th>
<th>Utilization (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Baba Saheb Ambedkar Hastshilp Vikas Yojana</td>
<td>321.57</td>
<td>193.93</td>
<td>181.15</td>
<td>93%</td>
</tr>
<tr>
<td>2</td>
<td>Design and Technology Up-gradation Scheme</td>
<td>74.17</td>
<td>65.00</td>
<td>61.30</td>
<td>94%</td>
</tr>
<tr>
<td>3</td>
<td>Marketing Support and Services Scheme</td>
<td>316.81</td>
<td>196.99</td>
<td>186.09</td>
<td>94%</td>
</tr>
<tr>
<td>4</td>
<td>Human Resource Development Scheme</td>
<td>72.88</td>
<td>37.06</td>
<td>32.69</td>
<td>88%</td>
</tr>
<tr>
<td>5</td>
<td>Handicrafts Artisans Comprehensive Welfare Scheme</td>
<td>405.30</td>
<td>279.04</td>
<td>252.39</td>
<td>90%</td>
</tr>
<tr>
<td>6</td>
<td>Research &amp; Development Scheme</td>
<td>40.00</td>
<td>26.11</td>
<td>19.01</td>
<td>73%</td>
</tr>
<tr>
<td>7</td>
<td>Integrated package for J&amp;K</td>
<td>05.00</td>
<td>4.00</td>
<td>4.04</td>
<td>101%</td>
</tr>
<tr>
<td>8</td>
<td>Infrastructure projects</td>
<td>36.00</td>
<td>17.33</td>
<td>15.91</td>
<td>92%</td>
</tr>
<tr>
<td>9</td>
<td>Total</td>
<td>1271.73</td>
<td>819.46</td>
<td>752.58</td>
<td>92%</td>
</tr>
</tbody>
</table>

* period of utilisation is 2008-2011

2.1 Growth in the handicraft sector in the 11th plan period

Though the growth in handicraft export and domestic production suffered a setback in the form of economic breakdown of major developed economies in 2008 we did managed to come back on track of revival and recorded a growth of 25.75% in handicrafts and 24.36% in carpets.

2.1.1 Growth in exports

The exports of handicrafts had to face a severe slowdown since 2008 due to economic breakdown of the developed economies but as a result of stimulus measures taken by government of India, the export of handicrafts has registered an upward trend in 2009-10 onwards. A growth of 20% on year to year basis was registered in 2010-11.
Figure 2-1: Export of handicraft and carpets in the 11th Five Year Plan

Figure 2-2: Growth% of handicrafts and carpets in 11th Five Year Plan
Table 2-2: Growth of exports in the handicrafts and carpet industry

<table>
<thead>
<tr>
<th>EXPORTS</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-2010</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handicrafts</td>
<td>14,012</td>
<td>8,183</td>
<td>8,719</td>
<td>10,534</td>
</tr>
<tr>
<td>Growth%</td>
<td>-18.94</td>
<td>-71.23</td>
<td>6.55</td>
<td>20.82</td>
</tr>
<tr>
<td>Carpets</td>
<td>3524.73</td>
<td>2708.73</td>
<td>2505.33</td>
<td>2992.7</td>
</tr>
<tr>
<td>Growth%</td>
<td>-11.43</td>
<td>-16.78</td>
<td>-7.51</td>
<td>19.45</td>
</tr>
<tr>
<td>Total</td>
<td>17536.73</td>
<td>10891.73</td>
<td>11224.33</td>
<td>13526.7</td>
</tr>
<tr>
<td>Total Growth%</td>
<td>-16.34</td>
<td>-37.89</td>
<td>3.05</td>
<td>20.51</td>
</tr>
</tbody>
</table>

Source: EPCH and CEPC (in INR crore)

2.1.2 Growth in domestic market

Table 2-3: Growth in domestic market

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HANDICRAFTS</th>
<th>CARPETS</th>
<th>TOTAL DOMESTIC CONSUMPTION</th>
<th>GROWTH%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EXports</td>
<td>Domestic Consumption</td>
<td>EXports</td>
<td>Domestic Consumption</td>
</tr>
<tr>
<td>2007-08</td>
<td>14,012</td>
<td>14,012</td>
<td>3524.73</td>
<td>352.47</td>
</tr>
<tr>
<td>2008-09</td>
<td>8,183</td>
<td>8,183</td>
<td>2708.73</td>
<td>270.87</td>
</tr>
<tr>
<td>2009-10</td>
<td>8,719</td>
<td>8,719</td>
<td>2505.33</td>
<td>250.53</td>
</tr>
<tr>
<td>2010-11</td>
<td>10,534</td>
<td>10,534</td>
<td>2992.7</td>
<td>299.27</td>
</tr>
<tr>
<td>2011-12 (T)</td>
<td>12,150</td>
<td>12,150</td>
<td>3600</td>
<td>360</td>
</tr>
</tbody>
</table>

2.1.3 Growth in production

Table 2-4: Growth in production

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HANDICRAFTS</th>
<th>CARPETS</th>
<th>TOTAL PRODUCTION</th>
<th>GROWTH%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EXports</td>
<td>Production</td>
<td>EXports</td>
<td>Production</td>
</tr>
<tr>
<td>2007-08</td>
<td>14,012</td>
<td>28,024</td>
<td>3524.73</td>
<td>3877.2</td>
</tr>
<tr>
<td>2008-09</td>
<td>8,183</td>
<td>16,366</td>
<td>2708.73</td>
<td>2979.6</td>
</tr>
<tr>
<td>2009-10</td>
<td>8,719</td>
<td>17,438</td>
<td>2505.33</td>
<td>2755.86</td>
</tr>
<tr>
<td>2010-11</td>
<td>10,534</td>
<td>21,068</td>
<td>2992.7</td>
<td>3291.7</td>
</tr>
<tr>
<td>2011-12 (T)</td>
<td>12150</td>
<td>24300</td>
<td>3600.00</td>
<td>3960</td>
</tr>
</tbody>
</table>
2.1.4  Growth in employment

Indian Handicrafts industry is considered as the second highest employment providing industry after agriculture. The employment increased from 65.72 lakh in 2005-06 to 76.17 lakh in 2010-11. Out of 74.17 lakh, 24.7% are SC, 2.3% are ST and 47.4% are female i.e. around 17.92 are SC, 3.10 are ST and 35.15 lakh are females.
3 Performance review 11th plan schemes

11th plan schemes were formulated in view of the growing market of Indian handicrafts in 2006-07. The performance of scheme during the 10th plan period prompted the need for minor modifications only and hence minor modifications and clubbing was introduced in the existing schemes and their components.

This section reviews the performance on the 6 schemes of DC (H) which were implemented during the 11th plan period. The schemes are review for their performance on physical and financial parameters to understand the challenges met and devise a strategy for the next plan period.

3.1 Babasaheb Ambedker Hastshilp Vikas Yojna (AHVY)

The Baba Saheb Ambedkar Hastshilp Vikas Yojna (AHVY) was launched in 2001-02 with an objective of need-based integrated development of potential handicrafts clusters across the country. AHVY Scheme introduced a comprehensive cluster approach for the development of the handicraft clusters, with a focus on empowerment and sustainability of artisans.

The scheme provides support to handicrafts Clusters, with the artisans being the focal point. It follows an integrated approach to development that begins with conducting a diagnostic study & preparation of detailed project report for five years of implementation and mobilization of artisans into Self Help Groups (SHGs). It promotes development of self-sustained handicraft clusters, managed and sustained by artisans and their collectives (SHGs, Federation etc).

The scheme envisages a package of need based support to artisans for integrated development of Handicrafts clusters and to organize ‘clusters into Self Help Groups for sustainable development.’
**Handicraft manufacturing clusters**

There are many clusters spread across India specializing in production of a particular craft. The expertise and skills of the handicraft artisans/ manufacturers in these clusters have been passed on to them from one generation to the other. A list of clusters and their associated crafts is given in the following table.
Table 3-1: List of Handicrafts clusters in India

<table>
<thead>
<tr>
<th>State</th>
<th>Total Districts</th>
<th>District where cluster exists</th>
<th>Cluster</th>
<th>District Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>23</td>
<td>23</td>
<td>150</td>
<td>22</td>
</tr>
<tr>
<td>Arunachal Pradesh</td>
<td>16</td>
<td>08</td>
<td>09</td>
<td>08</td>
</tr>
<tr>
<td>Assam</td>
<td>27</td>
<td>21</td>
<td>26</td>
<td>21</td>
</tr>
<tr>
<td>Bihar</td>
<td>37</td>
<td>27</td>
<td>135</td>
<td>20</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>16</td>
<td>05</td>
<td>27</td>
<td>05</td>
</tr>
<tr>
<td>Delhi</td>
<td>09</td>
<td>07</td>
<td>42</td>
<td>03</td>
</tr>
<tr>
<td>Daman &amp; Diu</td>
<td>02</td>
<td>01</td>
<td>01</td>
<td>00</td>
</tr>
<tr>
<td>Goa</td>
<td>02</td>
<td>02</td>
<td>38</td>
<td>02</td>
</tr>
<tr>
<td>Gujarat</td>
<td>26</td>
<td>23</td>
<td>198</td>
<td>19</td>
</tr>
<tr>
<td>Haryana</td>
<td>20</td>
<td>16</td>
<td>38</td>
<td>16</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>12</td>
<td>12</td>
<td>49</td>
<td>10</td>
</tr>
<tr>
<td>Jammu and Kashmir</td>
<td>22</td>
<td>15</td>
<td>179</td>
<td>15</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>22</td>
<td>14</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>Karnataka</td>
<td>27</td>
<td>24</td>
<td>147</td>
<td>16</td>
</tr>
<tr>
<td>Kerala</td>
<td>14</td>
<td>14</td>
<td>90</td>
<td>13</td>
</tr>
<tr>
<td>Lakshadweep</td>
<td>01</td>
<td>01</td>
<td>03</td>
<td>00</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>50</td>
<td>44</td>
<td>154</td>
<td>10</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>35</td>
<td>29</td>
<td>208</td>
<td>10</td>
</tr>
<tr>
<td>Manipur</td>
<td>09</td>
<td>09</td>
<td>22</td>
<td>09</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>07</td>
<td>04</td>
<td>11</td>
<td>03</td>
</tr>
<tr>
<td>Mizoram</td>
<td>08</td>
<td>03</td>
<td>04</td>
<td>03</td>
</tr>
<tr>
<td>Nagaland</td>
<td>08</td>
<td>08</td>
<td>17</td>
<td>07</td>
</tr>
<tr>
<td>Orissa</td>
<td>30</td>
<td>32</td>
<td>268</td>
<td>27</td>
</tr>
<tr>
<td>Punjab</td>
<td>20</td>
<td>11</td>
<td>34</td>
<td>07</td>
</tr>
<tr>
<td>Pondicherry</td>
<td>04</td>
<td>01</td>
<td>02</td>
<td>01</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>33</td>
<td>24</td>
<td>108</td>
<td>19</td>
</tr>
<tr>
<td>Sikkim</td>
<td>04</td>
<td>03</td>
<td>14</td>
<td>03</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>31</td>
<td>27</td>
<td>143</td>
<td>18</td>
</tr>
<tr>
<td>Tripura</td>
<td>04</td>
<td>04</td>
<td>61</td>
<td>04</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>13</td>
<td>13</td>
<td>62</td>
<td>13</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>71</td>
<td>62</td>
<td>325</td>
<td>62</td>
</tr>
<tr>
<td>West Bengal</td>
<td>19</td>
<td>19</td>
<td>257</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>622</td>
<td>506</td>
<td>2864</td>
<td>397</td>
</tr>
</tbody>
</table>
Table 3-2: Production centres in India

<table>
<thead>
<tr>
<th>Cluster/ Production centres</th>
<th>State</th>
<th>Craft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moradabad</td>
<td>Uttar Pradesh</td>
<td>Art metal ware/ metal crafts</td>
</tr>
<tr>
<td>Jaipur</td>
<td>Rajasthan</td>
<td>Hand printed textiles, carpet</td>
</tr>
<tr>
<td>Jodhpur, Saharanpur</td>
<td>Rajasthan, Uttar Pradesh</td>
<td>Wood craft</td>
</tr>
<tr>
<td>Srinagar &amp; Anantnag</td>
<td>Jammu and Kashmir</td>
<td>Carpet, embroidery</td>
</tr>
<tr>
<td>Jaipur &amp; Barmer, Farukabad, Bagh</td>
<td>Rajasthan, Uttar Pradesh, Madhya Pradesh</td>
<td>Hand printed textiles</td>
</tr>
<tr>
<td>Bhadohi, Mirzapur</td>
<td>Uttar Pradesh</td>
<td>Carpet</td>
</tr>
<tr>
<td>Agra, Varanasi, Bareilly and Surat</td>
<td>Uttar Pradesh and Gujarat</td>
<td>Zari and zardozi</td>
</tr>
<tr>
<td>Narsapur</td>
<td>Andhra Pradesh</td>
<td>Lace and crochet goods</td>
</tr>
<tr>
<td>Delhi, Jaipur</td>
<td>Delhi and Rajasthan</td>
<td>Imitation jewellery</td>
</tr>
<tr>
<td>Channapatna and Varanasi</td>
<td>Karnataka and Uttar Pradesh</td>
<td>Lacquer craft</td>
</tr>
<tr>
<td>Bastar</td>
<td>Chhattisgarh</td>
<td>Dhokra craft</td>
</tr>
<tr>
<td>Mahabalipuram, Bhubaneshwar, Agra and Varanasi, Jaipur</td>
<td>Tamil Nadu, Orissa, Uttar Pradesh, Rajasthan</td>
<td>Stone carving</td>
</tr>
<tr>
<td>Puri, Ahmedabad and Kutch</td>
<td>Orissa and Gujarat</td>
<td>Applique work</td>
</tr>
<tr>
<td>Puri, Jaipur, Bhuj and Pochampalli</td>
<td>Orissa, Rajasthan, Gujarat and Andhra Pradesh</td>
<td>Tie &amp; Dye/ Batik crafts</td>
</tr>
<tr>
<td>Assam, Tripura, Manipur, Arunachal Pradesh in NER, West Bengal, Kerala</td>
<td></td>
<td>Bamboo and cane</td>
</tr>
</tbody>
</table>

3.1.1 Scheme details

The scheme has five main components, and each component is linked to specific deliverables which is unique to this scheme. The details are depicted in the tables below.

Table 3-3: Scheme components of AHVY

<table>
<thead>
<tr>
<th>Component</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social interventions</td>
<td>• Diagnostic Survey &amp; mobilization of artisans</td>
</tr>
<tr>
<td></td>
<td>• Identity cards to the artisans</td>
</tr>
<tr>
<td>Technological interventions</td>
<td>• Development &amp; supply of improved modern tools</td>
</tr>
<tr>
<td></td>
<td>• Design &amp; technical development workshop</td>
</tr>
<tr>
<td></td>
<td>• Training of artisans</td>
</tr>
<tr>
<td></td>
<td>• Organizing Seminar and Symposium.</td>
</tr>
<tr>
<td></td>
<td>• Technological status and need based study and research provision</td>
</tr>
<tr>
<td>Component</td>
<td>Activity</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Marketing interventions       | • Organizing exhibitions  
• Publicity through print and electronic mode and brand building campaign  
• Setting up of Handicrafts Emporia in own/rented building.  
• Market assessment & product assessment study; and study cum exposure tours for artisans and other stakeholders  
• Establishment of warehousing cum common work shed  
• Entrepreneurship development program |
| Financial interventions       | • Margin money support  
• Wage compensation to cluster manager  
• Service charges for implementing agencies.  
• Engagement of expert/consultants/institutions etc. for providing need based assistance including guiding and monitoring.  
• Credit Guarantee |
| Infrastructure related interventions | • Establishment of Resource Centre for major Crafts  
• Establishment of E-Kiosks  
• Creation of Raw Material Bank  
• Setting up of Common Facility Centre  
• Technological assistance for setting up of facility centres by Exporters/Entrepreneurs |

Overall eligibility for AHVY scheme is as follows

- Reputed NGOs, Cooperatives, Apex Cooperative Societies, Trustees.
- Reputed Organizations – COHANDS, EPCH, CEPC, MHSC, IICT, NCDPD, NIFT, NID, University Department, DRDA, NISIET, EDIs.
- Central/ State Handloom and Handicrafts Dev. Corp. and other related Govt. Corporations/ Agencies promoted by State Govt. or Financial Institutions.
- Federation of NGOs/ SHGs consortium, Associations/ Federations/ Consortium of Entrepreneurs, Designers, Exporters.
- Organizations registered under Section 25 of Company Act (Non Profit), etc.
- Organizations registered under proper statute of State/ Central Govt. for sustainable Development of identified craft clusters.

The component wise details of the scheme, along with the specific eligibility criteria if any has been given in annexure 10.1.2.
3.1.2 Physical and financial performance of the AHVY scheme

**Physical performance**

Since its introduction in 2001-02, 1,237 clusters have been sanctioned under the AHVY scheme. It has covered approximately 4.43 lakh artisans and 30,276 SHGs have been formed since 2001-02

| Table 3-4: Cluster and artisan coverage under AHVY scheme (totals) |
|---------------------------------|--------------------------|--------------------------|
| Since 2001-02 | During 11th Plan (Excluding 2011-12) |
| No. of Clusters Sanctioned | 1237 | 536 |
| No. of Artisans Covered | 4.43 Lakh | 2.20 lakh |
| No. of SHGs formed | 30276 | 15060 |

Further, during the 11th Plan (excluding 2011-12), 536 Clusters covering approximately 2.20 lakh artisans were sanctioned. It is targeted to sanction about 120 Clusters during 2011-12, leading to an expected total coverage of 656 Clusters during the 11th Plan. The year-wise coverage of Clusters under the Scheme is as below:

| Table 3-5: Cluster and artisan coverage under AHVY scheme (details) |
|-------------------------|-----------------|-----------------|
| Year | Clusters Sanctioned | Artisans Covered | SHGs Formed |
| 2007-08 | 147 | 38266 | 2796 |
| 2008-09 | 125 | 61829 | 4233 |
| 2009-20 | 123 | 58614 | 3776 |
| 2010-11 | 141 | 64159 | 4385 |
| 2011-12 | 120* | - | - |
| Total (excluding 2011-12) | 536 | 222868 | 15190 |

The state-wise list of projects sanctioned and coverage under AHVY during the 11th Plan, excluding 2011-12 is as below:
Table 3-6: State-wise list of projects sanctioned and artisan coverage

<table>
<thead>
<tr>
<th>Name of State</th>
<th>No of Projects</th>
<th>Artisans covered</th>
<th>SHGs Formed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>35</td>
<td>16487</td>
<td>1163</td>
</tr>
<tr>
<td>Arunachal Pradesh</td>
<td>5</td>
<td>1400</td>
<td>80</td>
</tr>
<tr>
<td>Assam</td>
<td>28</td>
<td>18049</td>
<td>1234</td>
</tr>
<tr>
<td>Bihar</td>
<td>21</td>
<td>11484</td>
<td>693</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>8</td>
<td>2350</td>
<td>145</td>
</tr>
<tr>
<td>Delhi</td>
<td>7</td>
<td>2010</td>
<td>50</td>
</tr>
<tr>
<td>Goa</td>
<td>2</td>
<td>1000</td>
<td>630</td>
</tr>
<tr>
<td>Gujarat</td>
<td>24</td>
<td>12522</td>
<td>360</td>
</tr>
<tr>
<td>Haryana</td>
<td>16</td>
<td>4568</td>
<td>126</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>7</td>
<td>2183</td>
<td>613</td>
</tr>
<tr>
<td>J&amp;K</td>
<td>39</td>
<td>8388</td>
<td>496</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>17</td>
<td>6608</td>
<td>258</td>
</tr>
<tr>
<td>Karnataka</td>
<td>16</td>
<td>3908</td>
<td>258</td>
</tr>
<tr>
<td>Kerala</td>
<td>10</td>
<td>4348</td>
<td>228</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>23</td>
<td>8000</td>
<td>630</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>17</td>
<td>7490</td>
<td>583</td>
</tr>
<tr>
<td>Manipur</td>
<td>21</td>
<td>10011</td>
<td>617</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>5</td>
<td>3000</td>
<td>175</td>
</tr>
<tr>
<td>Mizoram</td>
<td>4</td>
<td>1717</td>
<td>137</td>
</tr>
<tr>
<td>Nagaland</td>
<td>12</td>
<td>5715</td>
<td>370</td>
</tr>
<tr>
<td>Orissa</td>
<td>19</td>
<td>10306</td>
<td>656</td>
</tr>
<tr>
<td>Pondicherry</td>
<td>1</td>
<td>600</td>
<td>30</td>
</tr>
<tr>
<td>Punjab</td>
<td>10</td>
<td>3300</td>
<td>230</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>22</td>
<td>6960</td>
<td>439</td>
</tr>
<tr>
<td>Sikkim</td>
<td>2</td>
<td>1110</td>
<td>68</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>18</td>
<td>7865</td>
<td>510</td>
</tr>
<tr>
<td>Tripura</td>
<td>21</td>
<td>9276</td>
<td>602</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>72</td>
<td>29696</td>
<td>2148</td>
</tr>
<tr>
<td>Uttrakhand</td>
<td>19</td>
<td>6201</td>
<td>525</td>
</tr>
<tr>
<td>West Bengal</td>
<td>32</td>
<td>12257</td>
<td>992</td>
</tr>
<tr>
<td>Chandigarh</td>
<td>2</td>
<td>700</td>
<td>65</td>
</tr>
<tr>
<td>Andaman &amp; Nicobar</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Daman &amp; Diu</td>
<td>1</td>
<td>250</td>
<td>12</td>
</tr>
<tr>
<td>Lakshadweep</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D&amp;N Havelli</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>536</strong></td>
<td><strong>219759</strong></td>
<td><strong>15060</strong></td>
</tr>
</tbody>
</table>
In terms of the infrastructure interventions under AHVY, the progress during the 11th Plan (excluding 2011-12) has been as below:

Table 3-7: Performance of infrastructure component under AHVY scheme

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Progress under 11th Plan (up to 2011-12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment of Resource Centre for major Crafts</td>
<td>4 projects sanctioned</td>
</tr>
<tr>
<td></td>
<td>Kerala – Natural Fibre Craft;</td>
</tr>
<tr>
<td></td>
<td>Manipur – C&amp;B;</td>
</tr>
<tr>
<td></td>
<td>New Delhi – Terracotta and Ceramics;</td>
</tr>
<tr>
<td></td>
<td>Andhra Pradesh – Traditional Painting</td>
</tr>
<tr>
<td>Establishment of E-Kiosks</td>
<td>25 projects sanctioned</td>
</tr>
<tr>
<td>Creation of Raw Material Bank</td>
<td>16 projects sanctioned</td>
</tr>
<tr>
<td>Setting up of Common Facility Centre</td>
<td>48 projects sanctioned</td>
</tr>
</tbody>
</table>

Financial Performance

Table 3-8: Financial performance of the AHVY scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation (Rs in Crores)</th>
<th>Expenditure (INR Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>34.57</td>
<td>34.19</td>
</tr>
<tr>
<td>2008-09</td>
<td>44.39</td>
<td>41.93</td>
</tr>
<tr>
<td>2009-10</td>
<td>56.07</td>
<td>55.53</td>
</tr>
<tr>
<td>2010-11</td>
<td>58.90</td>
<td>49.50</td>
</tr>
<tr>
<td>2011-12</td>
<td>65.00 On going</td>
<td></td>
</tr>
<tr>
<td>Total (excluding 2011-12)</td>
<td>193.95</td>
<td>181.15 (93%)</td>
</tr>
</tbody>
</table>

3.1.3 Major achievements during the 11th plan period

The Midterm appraisal document of the 11th Five year plan of the planning Commission has rated the AHVY scheme as one of the most successful schemes in terms of coverage and outreach. “This is without doubt one of the most visible schemes and many of its components like the provision of credit guarantee, margin money, training of artisans and creation of raw material banks have the potential to provide the much needed impetus to the sector.” Several other independent evaluation studies have highlighted the achievements of the AHVY and provided recommendations to improve the efficacy of the scheme and improve its impacts. Some of the important achievements of the AHVY scheme are as follows:
The scheme has been able to increase the sales and provide market linkage to more that 70% of the artisans covered thereby leading to the improvement of the economic conditions of the artisans.

- Increase in the product range to the extent of 40-50% has been reported.
- A positive trend in labour productivity with over 63% increase in existing levels of productivity has been reported.
- While 84% of the artisans reported increase in monthly income, 70% reported an increase of more than 50%.

### 3.1.4 Key challenges

The AHVY Scheme has made notable progress, especially in the soft components of design & technology in the 11th Plan period. The Scheme has benefited a large number of craftspersons by providing them regular employment and hence increased income earning opportunities. There has also been observed an improvement in skill level of the artisans along with their productivity levels. The artisans have been organised into SHGs. However, the ultimate objective in terms of converting the artisan SHGs into self-sustained community-based enterprisers has not been achieved so far in most of the Clusters.

There is a need to address the major constraints, address the key challenges and look at the Scheme in a fresh perspective, where the focus is on empowerment of the artisans through promotion of artisan owned institution and sustainability of operations. Further, there is a strong need to move away from an allocation-based model to a demand-driven model. Clusters are diverse in nature and different strategies need to be drawn up based on the categorization of the Clusters. The performance in the infrastructure segment has been less than satisfactory leading to loss of competitiveness. This is also time for the sector to explore public private partnership models to bring about greater efficiencies. Such an approach will promote sustained growth of the handicraft Clusters, and empowerment and sustained earnings for the artisans. The major challenges and constraints of the 11th plan schemes are as follows:

**Uniform approach to Cluster development across all Clusters**

The handicrafts sector is diverse in nature characterized by natural Clusters with geographical concentration of craft person/ artisans engaged in the same craft. While these Clusters may offer certain competitive advantages to the producers in the form of a range of
localized external economies that lower costs, the requirements of each Cluster may vary
depending on various factors.

Handicraft Clusters are diverse with the concentration of artisans varying from about 100
artisans to over 100,000 artisans and also the corresponding variation in the total output
generated. Further, different clusters may be at different stages of development, hence
requiring a different focus and set of interventions for development and sustainability. For
instance, a small cluster with about 500 artisans and sales in the domestic market will have
an entirely different set and scale of interventions from an export-oriented Cluster with
about 100,000 artisans. Hence adopting a uniform approach to Cluster development is not
warranted.

Currently, AHVY adopts a uniform approach to cluster development across all Clusters. It
may be noted that during the 11th Plan (excluding 2011-12), 536 Clusters covering 222,868
artisans were sanctioned; indicating an average Cluster size of 415 artisans per Cluster.
The focus under AHVY has largely been on smaller Clusters, with the Scheme parameters
and financial limits suited to the requirements of the smaller Clusters. The mid and large
sized Clusters have been largely neglected, with the Scheme parameters and financial
assistance not sufficient for such Clusters.

**Challenges in Infrastructure**

Infrastructure has been narrowly defined in the context of the AHVY Scheme, being largely
CFC-centric. Further, the off-take of infrastructure projects has been low. There has been a
greater demand for the soft components vis-à-vis hard components in the sanctioned AHVY
Clusters, with greater expenditure on the soft components - design, skill etc. It may be
noted that most Clusters sanctioned under AHVY are small and have limited capacity for
infrastructure projects, which is evident in the fact that only 100 CFCs have been
sanctioned in over 1200 clusters. On the other hand, the infrastructure needs of the mid
and large sized Clusters have not addressed as the allocation is insufficient.

There is need to broad-base the definition of infrastructure in the AHVY Scheme to include
production infrastructure, forward & backward linkages as well as any other critical
infrastructure gaps that may be present in the Clusters. There should be need based
infrastructure in a well-defined Zone / cluster that should be to be finalized only after
conducting a feasibility study.

**Implementing Agency**
Currently, the AHVY Scheme is implemented by Implementing Agencies (IAs) that is responsible for the implementation of the project interventions. The Scheme entails promoting artisan SHGs and their involvement all along the implementation process. The eligible organizations for implementation are as follows:

- Reputed NGOs, Cooperatives, Apex Cooperative Societies and Trusts
- Reputed Organizations – COHANDS, EPCH, CEPC, MHSC, IICT, NCDPD, NIFT, NID, University Department, DRDA, NISIET, EDIs
- Central/State Handloom and Handicrafts Development Corporations and other related Government Corporations/Agencies promoted by the State Government or Financial Institutions
- Federation of NGOs/SHG consortium/Associations/Federations/Consortium of entrepreneurs/designers/exporters
- Organizations registered under Section 25 of Company Act (Non Profit)
- Organisations registered under proper statute of the State/Central Governments for sustainable development of identified Clusters

The implementing agencies are selected on the basis of certain parameters through a score card and grading, for uniformity and standardization. As per the Report on the Study for Bringing more Effectiveness in the Implementation of the Project under AHVY prepared by National Resource Centre for Cluster Development, School of Enterprise Development and National Institute for Micro Small and Medium Enterprises in July, 2009: ‘The study reveals that though the grading sheet/score cards etc to give the managerial capabilities and the financial soundness for the implementation of the Scheme, it does not reflect the attitude of the organisation with regard to the artisan empowerment or the attitude of the artisans with regards to the commitment and confidence of the organisation.’

It has been observed in some cases that the projects are discontinued due to the lack of commitment on behalf of the implementing agencies or lack of sufficient manpower to implement the project activities. Lack of compliance/ adherence to targets set out is also observed. The selection of the implementing agencies is one of the most critical success factors and needs to be undertaken in a systematic manner. The agencies should have the requisite experience in the handicrafts sector as well as the management capacity to handle a project of such scale.

The implementation of the AHVY is carried out largely by NGOs and other institutions, with absence of any private participation. The implementation of the project interventions is limited by the capacity of the NGOs/ IAs. The implementing agencies often have limited
capacity to sustain operations after the funding support under the Scheme has stopped. There is a strong need for greater private participation in the implementation process to bring about greater efficiencies and ensure attainment of project targets.
Stakeholder Participation

The ultimate beneficiaries under the project have limited role in the implementation of the program. While the Scheme promotes creation of SHGs and involvement of artisans along the implementation process, the ultimate objective in terms of converting the artisan SHGs into self-sustained community-based enterprisers has not been achieved so far in most of the Clusters.

Non-involvement of the artisans’ defeats the ultimate objective of the Scheme at making the artisan Clusters self-sustainable. The artisans are no/ limited role in the selection of the implementing agency & sanction of project, preparation of the project report, identification of project interventions etc. This translates into a development plan for the Cluster that may not necessarily be in line with the requirements of the artisans, who are in fact the end beneficiaries.

There is a strong need for involvement of the artisans in the preparation of the detailed project report by the implementing agency especially in identification of the project interventions, sequencing of activities, and developing the activity-wise implementation plan. Also, in some cases there is a lack of commitment on behalf of the implementing agency for empowerment of artisans, leading them to be highly dependent on the implementing agencies for regular work.

There is a need for promoting specialized artisan-owned and managed institutions to manage the various Cluster interventions. The artisans may be organised in the form of Special Purpose Vehicles (SPVs) to ensure stakeholder participation, sustainability of operations as well as ensure that the artisans derive benefits from the Scheme.

Selection of Clusters

Currently, there is a lack of a sound demand-based model of selection of Clusters for implementation of the AHVY. The proposal is submitted by the implementation agency to the field officers, who undertake grading and evaluation. Thereafter, the proposal goes to the corresponding Regional Officer and then the Office of DC (Handicrafts).

Under the present system, Clusters with presence of civil society, NGOs etc are those that benefit under the AHVY. Thus, the sanctioned Clusters have been those where NGOs & other institutions have been working. Correspondingly, craft clusters which are in remote
areas and do not have institutions working their development do not derive any benefits under the Scheme.

There is an urgent need to map all craft Clusters in the State to undertake categorization as well as prioritization. A detailed mapping of Clusters is a pre-requisite to ensure maximum coverage and impact of the Scheme. There are various languishing crafts in the country, which are a part of our history and tradition, but have been largely neglected. A mapping of Clusters will ensure that all Clusters are covered. Further, different strategies and interventions will be required for each category of craft clusters. Thus, the Clusters need to categorized so that the interventions are customized to the category of Cluster.

There is a need to graduate from an allocation-based model to a demand driven model which is based on an extensive mapping, categorization and prioritization of Clusters and customisation of interventions.

**Monitoring and Evaluation Systems**

A critical success factor for any scheme is a robust monitoring and evaluation system to ensure timely completion of project activities, attainment of project objectives in terms of increased incomes of artisans, increased output etc, maximum coverage and sustained impact. There is a need for a strong web-based monitoring system to introduce transparency and regularly track the performance of the ongoing Clusters.

**Inadequate financial allocation**

The current financial incentives under the Scheme are inadequate. Increasing price of inputs, raw materials and other goods as well as increasing market competition leads to price pressures. As a result, the earnings of the artisans suffer. There is thus a need to revise the financial incentives under various components of the Scheme.

**Inefficient allocation**

The AHVY Scheme provides a component-wise detailing of the project components & sub-components and prescribes financial ceilings on the each component. Such detailing of the sub-components of the project renders the Scheme inflexible and rigid at some places. This very often leads to inefficient allocation of funds, and sanctioning of project activities/components not in line with the requirement of the Cluster. There is a need to provide greater flexibility in identification of the project interventions as well as the cost implications, based on the nature of craft, size of the Cluster and its stage of development.
Lack of professional management

The current implementing agencies are typically small in scale and size and are limited to a Cluster. Further, they do not have enough exposure of current developments in the field of design, technology and management. Also, they have limited linkages with the market thereby limiting the sustainability of their operations. There is a need for professional management and handholding support to assist the implementing agencies in attainment of project objectives as well as the Office of DC (Handicrafts) in implementation of Scheme.
### 3.2 Design and Technology up-gradation scheme (DTUS)

The Design and Technology up-gradation scheme aims to provide design & technology related inputs including skill up-gradation to the handicraft artisans to improve their productivity, quality and better marketability of their products.

**To provide adequate support to sponsored institutions, up gradation of artisans through design and technology intervention in order to develop new designs and prototypes and give practicing craftsmen exposure to developments taking place in the field of design & technology. It also aims at market intelligence, management of skills, packaging supply of improved tools and equipment, revival of languishing crafts, recognition for master craftsperson and providing adequate infrastructure support to State Design Centre, etc.**

#### 3.2.1 Scheme details

The Design and Technology Scheme has been divided in 8 components and further into subcomponents as listed below:

<table>
<thead>
<tr>
<th>Sno.</th>
<th>Component</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial assistance to Central Government sponsored institutions</td>
<td>This component has been restricted to the extent of facilitating committed liability for the institutions established during Xth Five Year Plan viz. BCDI, NCDPD, CDI, IICT and CFC at Japiur and Srinagar</td>
</tr>
<tr>
<td>2</td>
<td>Skill up-gradation</td>
<td></td>
</tr>
<tr>
<td>a)</td>
<td>Departmental activities of regional design and technical development centres</td>
<td>Various design and technology development workshops conducted in crafts pockets by engaging reputed designers/experts /Departmental Designers etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Demonstration of new designs, technology and process in craft clusters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizing craft awareness programmes for school children</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Development of improved tool kits, equipments and arrange to supply of improved tools kits to trained artisans etc.</td>
</tr>
<tr>
<td>b)</td>
<td>Assistance for training to trainers</td>
<td>Two week capsule course for master craftspersons/trainers for refreshing and honing of their skills. It acquaints them with other practicing master craftsmen as well as latest designs, production techniques, tools and technologies.</td>
</tr>
<tr>
<td>c)</td>
<td>Assistance to Shilp Gurus (Heritage Masters)</td>
<td>To recognize the contribution of the traditional master craftspersons and utilize their services to improve the skill level of existing craftspersons.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The assistance should be evaluated based on craft categories, raw material requirement etc.</td>
</tr>
<tr>
<td>Sno.</td>
<td>Component</td>
<td>Activities</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>Financial assistance for development and supply of modern improved tools, equipment and process technologies</td>
<td>• Development of standardized tools and equipments to improve the productivity of the craftsmen and their income</td>
</tr>
<tr>
<td>4</td>
<td>Assistance for design and technology upgradation</td>
<td>a) Design and Technology Development Workshop</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Develop new prototypes in line with contemporary market using the traditional skill of artisans and introduction of new techniques and technologies for enhanced production.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Workshop will extend for 15 days, for minimum</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) Integrated Design and technology development Project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• This comprises of design development, techniques/processes and formulation and publication of craft design/technology to a large no of artisans.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Duration is 6 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• For 30-50 artisans</td>
</tr>
<tr>
<td>5</td>
<td>Documentation, preservation and revival of rare and languishing act</td>
<td>• Survey, documentation of crafts process, training, design and technical development, sample production, marketing thro’ exhibitions and publicity</td>
</tr>
<tr>
<td>6</td>
<td>National Award for outstanding contribution in Handicrafts sector</td>
<td>• Award</td>
</tr>
<tr>
<td>7</td>
<td>Financial assistance for institutions to be set up under State Initiatives</td>
<td>a) State initiative Design Centres</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strengthen institutional setup in each state</td>
</tr>
<tr>
<td></td>
<td>b) Handicrafts museum</td>
<td>• Contrast, and renovate museums</td>
</tr>
<tr>
<td></td>
<td>c) Setting up of Design Bank</td>
<td>• New banks to be established</td>
</tr>
<tr>
<td>8</td>
<td>Product Development for Export</td>
<td>• Assistance for hiring National/international designers</td>
</tr>
</tbody>
</table>

The component wise eligibility criteria and funding pattern has been given in annexure 10.1.3.

### 3.2.2 Physical and financial achievements

Midterm evaluation of the scheme recorded that around 50% of the artisans reported improvement after design workshops and more than 80% reported increase in work orders after attending the Design development programme. Need for creation of design banks through IT infrastructure was also felt essential.
**Physical achievements:** A total of 1380 events have been organized under the Design and Technology Development Scheme. Approximately 249 events are planned for the year 2011 – 2012.
Table 3-9: Physical achievements of the DTUS in the 11th plan period

<table>
<thead>
<tr>
<th>Components</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total in 11th plan</th>
<th>Target 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design workshops, Design Projects, State Initiated Design Centres, Design Bank, Museum &amp; Shilp Guru)</td>
<td>272</td>
<td>187</td>
<td>522</td>
<td>399</td>
<td>1,380</td>
<td>249</td>
</tr>
</tbody>
</table>

Source: First meeting of Working Group Report on 12th Plan – DC(H) office

Financial achievements: On reviewing the available data, a total outlay of INR 74.17 crore was approved by the cabinet, out which final grant of INR 65 crore has been granted and a total expenditure of INR 61.30 crore has been incurred. Nearly, 94% of the funds were utilized under the Design and Technology Development Scheme.

For the year 2011 – 2012, INR 16 crore has already been approved. Year wise breakup of the grant and expenditure is given in the following table:

Table 3-10: Financial outlay of DTUS in 11th plan period

<table>
<thead>
<tr>
<th>Outlay approved by CCEA</th>
<th>2007–08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total in 11th Plan (INR Cr)</th>
<th>2011–12 (INR Cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final grant</td>
<td>10.96</td>
<td>10.35</td>
<td>18.62</td>
<td>17.14</td>
<td>16.13</td>
<td>15.92</td>
</tr>
<tr>
<td>Exp. grant</td>
<td>15.92</td>
<td>19.29</td>
<td>17.89</td>
<td>16.00</td>
<td>16.00</td>
<td>61.30</td>
</tr>
</tbody>
</table>

Source: First meeting of Working Group Report on 12th Plan – DC(H) office (in INR crore)

3.2.3 Key challenges

The key objective of the scheme is to make Indian handicraft industry design enabled and enhance the competitiveness in manufacturing service industry. However the scheme has not been able to meet the desired results. The scheme has been focusing on supporting initiatives like trainings and workshops on design development. Many such programs were also organized during the previous years. However, the products/designs developed as an end product are not been effectively utilized.

The designers that avail the scheme and develop prototypes with the support of artisans, take it up as a one-time/part time activity, and do not pursue it as a career option. The reason being that the sector has not made its presence felt in the international market. There are no direct linkages between the handicraft producers and designers as is the case with the Apparel and Fashion sectors where big brands are identified by designers and vice-versa.
The designs developed during the programs are available on the internet but are unable to find their way into the market. The marketing of new designs is not being undertaken in an effective manner.

Overseas importers do not categorize Indian handicrafts sector as a design oriented sector as compared to the China, Philippines, Thailand, Indonesia and Vietnam.

New innovative technologies could not be developed in the last plan period.

The financial ceiling under the component ‘Supply of the modern tools and equipments’ need to be enhanced to make it relevant to not only the current price levels but to the price level that will prevail in the terminal year of the 12th Plan.

Financial assistance for conducting design and technical development workshop are not adequate.

Also there is a lack of comprehensive data on the equipments that are used by various handicrafts in the industry, and also lack of concentrated efforts to develop good quality, low cost tools that can be supplied to the artisans.

Eligibility criteria, financial aspects, fund release pattern, etc needs to be reviewed.

There is no monitoring and evaluation mechanism, documentation process and information dissemination flow.
3.3 Marketing Support and Services Scheme (MSS)

The marketing support & services scheme has been formulated to provide support for domestic and international marketing along with creation of marketing infrastructure.

Objective of the scheme is to enhance the access of artisans to various markets and marketing channels along with creating awareness about handicrafts amongst consumers & public at large both in domestic and international market.

3.3.1 Scheme details

Marketing and support services comprises of three broad categories via Domestic marketing, International marketing and Publicity

Table 3-11: The components of the MSS scheme

<table>
<thead>
<tr>
<th>Sno.</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Domestic marketing</td>
</tr>
<tr>
<td>A.</td>
<td>Marketing Event</td>
</tr>
<tr>
<td>1</td>
<td>Craft Bazaar</td>
</tr>
<tr>
<td>2</td>
<td>Exhibitions</td>
</tr>
<tr>
<td>3</td>
<td>Sourcing Show</td>
</tr>
<tr>
<td></td>
<td><strong>Departmental activity</strong> – The marketing centres/ regional offices/ Headquarters. will also organize above marketing events departmentally in case of need as a special case and 100% fund will be sanctioned as advance from other charges head.</td>
</tr>
<tr>
<td>4</td>
<td>Hiring of built up space in established important events organized by other organizations</td>
</tr>
<tr>
<td>5</td>
<td>Service charges for implementing agencies organizing marketing events</td>
</tr>
<tr>
<td>6</td>
<td>Insurance cover for artisans participating in marketing events</td>
</tr>
<tr>
<td>B.</td>
<td>Marketing Infrastructure</td>
</tr>
<tr>
<td>1</td>
<td>Urban Haat</td>
</tr>
<tr>
<td>2</td>
<td>Emporia</td>
</tr>
<tr>
<td>3</td>
<td>Setting up Marketing Hubs in metros</td>
</tr>
<tr>
<td>4</td>
<td>Setting up of sourcing hubs in clusters</td>
</tr>
<tr>
<td>5</td>
<td>Warehousing facility in important locations</td>
</tr>
<tr>
<td>C.</td>
<td>Marketing Services –</td>
</tr>
</tbody>
</table>
Sno. | Component
---|---
**Field offices of Dc (H)**
- National level marketing Workshop
- State level marketing workshop
- Local level marketing workshop

2. **International marketing**
   - **A** Workshop and training programme in packaging and in export procedures/ management
   - **B** Craft exchange programme
   - **C** Workshop/ seminar in India and abroad
   - **D** International Marketing Events
     - i Participation in international fairs and exhibition abroad
     - ii Stand alone shows/ road shows, etc
     - iii Reverse buyers sellers meet
     - iv Cultural exchange programme
     - v Market studies abroad
   - **E** Social and other welfare measures

3. **Publicity**
   - Publicity and marketing

The details about the admissible funding and eligibility criteria for each component has been provided in annexure 10.1.1

### 3.3.2 Physical and financial performance of the MSS scheme

Midterm evaluation postulates that more than 90% of the artisans reported increase in marketing accessibility and sales due to the scheme and more than 80% reported increase in their income levels.

**Physical achievements**: A total of 1,598 domestic events and 259 international events have been organized in the 11th Plan Year. Another 216 domestic events and 65 international events have been planned to be organized in 2011 – 2012. (Please refer to annexure for further details on physical achievements)

**Table 3-12: Physical achievements in the 11th plan period**

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total 11th Plan</th>
<th>Target 2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>458</td>
<td>492</td>
<td>280</td>
<td>368</td>
<td>1598</td>
<td>216</td>
</tr>
<tr>
<td>events</td>
<td>59</td>
<td>65</td>
<td>63</td>
<td>72</td>
<td>259</td>
<td>65</td>
</tr>
<tr>
<td>-----------------</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>----</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td>International</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011– DC(H) office*
**Financial achievements**: A total outlay of INR 316.81 crore was approved by the cabinet under this scheme. A final grant of INR 196.99 crore was received, out of which INR 186.09 crore has been the expenditure. Nearly, 94% of the funds were utilized under the Marketing Support and Services Scheme.

For the year 2011 – 2012, INR 65 crore has already been approved. Year wise breakup of the grant and expenditure is given in the following table:

**Table 3-13: Financial achievements in the 11th plan period**

<table>
<thead>
<tr>
<th>Outlay approved by CCEA</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total in 11th Plan</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final grant</td>
<td>Exp.</td>
<td>Final</td>
<td>Exp.</td>
<td>Final</td>
<td>Exp.</td>
<td>Final</td>
</tr>
<tr>
<td>316.81</td>
<td>34.71</td>
<td>48.58</td>
<td>49.20</td>
<td>49.85</td>
<td>64.50</td>
<td>196.99</td>
</tr>
<tr>
<td>Approved outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>186.09</td>
</tr>
<tr>
<td>Final grant</td>
<td>Exp.</td>
<td>Exp.</td>
<td>Exp.</td>
<td>Exp.</td>
<td>65.00</td>
<td></td>
</tr>
<tr>
<td>Final grant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: First meeting of Working Group Report on 12th Plan – DC(H) office (in INR crore)

A total of INR 5295.44, INR 12307.13 and INR 445.82 have been incurred in the international marketing, domestic marketing and publicity domain.

**Table 3-14: Component wise expenditure in 11th plan period**

<table>
<thead>
<tr>
<th>Year</th>
<th>International marketing expenditure</th>
<th>Domestic marketing expenditure</th>
<th>Publicity expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>958.72</td>
<td>2638.61</td>
<td>28.56</td>
</tr>
<tr>
<td>2008-09</td>
<td>1309.47</td>
<td>3399.44</td>
<td>80.01</td>
</tr>
<tr>
<td>2009-10</td>
<td>1582.14</td>
<td>2807.68</td>
<td>119.08</td>
</tr>
<tr>
<td>2010-11</td>
<td>1355.11</td>
<td>3461.40</td>
<td>218.17</td>
</tr>
<tr>
<td>Total</td>
<td>5205.44</td>
<td>12307.13</td>
<td>445.82</td>
</tr>
</tbody>
</table>

Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011 DC(H) office

3.3.3 **Key challenges**

As per the scheme urban haat needs to be developed on an area not less than 18,000 sq. mtrs. Implementing agencies are facing challenges in acquiring/ getting the land as per the requirements. Further, the financial parameters also need to be reviewed and revised.
The current financial assistance for setting up emporia is too less. The cost of setting up such emporia in metro cities and Class I, II cities is high.

Design banks are now outdated and needs continuous revision.

Lack of awareness amongst artisans with respect to Government schemes and policies- The artisans at various locations are not aware of the relevant Government schemes for their betterment.

Lack of proper promotion and marketing so as to reach to rural artisans. Non presence at airports, metro stations, railways stations, etc.

Regional imbalances were observed throughout the country with visible gaps in production and consumption (sales) among different regions. This is supported by the fact that the Northern and Central Region accounts for bulk of the exports, whereas the remaining Regions contribute marginally towards the export.

Eligibility criteria, financial aspects, fund release pattern needs to be reviewed.
3.4 Human Resource Development Scheme (HRD)

The scheme has been conceived in order to address the problems of skill development, capacity building, training, institutionalization, lack of trained manpower, etc.

To provide trained and qualified workforce capable of establishing a strong production base coupled with improvements, quality and use of appropriate techniques, processes and innovative designs to meet present day market requirements.

3.4.1 Scheme details

The HRD scheme in its present state has 5 key components with details as follows:

1. Training through established institutions: To upgrade the existing skill as well as to add the additional skill to Handicrafts artisans through existing vocational institutions/industrial training institutes who are imparting skill based training such as carpentry, welding, tailoring, carpet weaving, etc.
   - Long term course varying from 4 – 9 months (up to 4 batches per year)
   - Short term course varying from 1 -3 months (up to 12 batches per year)
   - Number of trainees – 10 per batch (maximum – both long term and short term)

2. Training in innovative designs for the persons involved in pattern making/ talim writing/plaster/ rubber moulds/ block making, etc.: Artisans involved in hand block printing, terracotta, etc depend on the block maker, POP mould maker, etc, which are totally different skill oriented activities. This training aims at development of skill in backward integrated activity for sustenance and development of handicrafts.

3. Training of artisans/ SHG leaders/ NGO in capacity building: Aims to train the artisans & NGOs, potential entrepreneur and SHG leaders in non-technical skills such as micro finance/entrepreneurship development/ preparation of business plans/ preparation of project reports/ packaging/export procedures/ documentation, etc.

4. Conducting seminars/workshops: For continuous dissemination and creation of awareness about schemes/programmes, technological developments, market intelligence, etc amongst artisans and stakeholders.
5. **Training through Guru Shishya Parampara:** The scheme enables for passing the expertise together with appropriate technology coupled with indigenous method to the artisans and provide gainful employment in rural areas. The objective is to train the semi-skilled artisans to upgrade their skills, to add additional skilled artisans through master craftsperson, who possess good skills for better value additions, quality of output, finishing and innovative techniques use of improved tools and technology.

Under this scheme financial assistance is given as onetime non-recurring grant. 50% of the sanctioned amount is released as first instalment and balance amount is released as second and final instalment after receipt of requisite audited statement of expenditure. The component wise eligibility criteria and funding pattern has been given in annexure 10.1.4.

### 3.4.2 Physical and financial achievements of HRD scheme

Midterm evaluation findings states that nearly 88% of the beneficiaries reported increase in production after training and accessibility to the new design and techniques. Approximately, 80% of the beneficiaries felt that the impact of these trainings/workshops is long term.

Physical achievements - Overall 1,416 programmes with 28,090 beneficiaries have been concluded under HRD scheme and nearly 820 are expected to take place in the year 2011-2012 encompassing 15,480 beneficiaries. Year wise and component wise break up of trainings is as follows:

**Table 3-15: Physical achievements of the HRD scheme in the 11th plan period**

<table>
<thead>
<tr>
<th>Component</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total</th>
<th>2011-12 (proposed)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a.</td>
<td>b.</td>
<td>a.</td>
<td>b.</td>
<td>a.</td>
<td>b.</td>
</tr>
<tr>
<td>Training through established Institutions</td>
<td>6</td>
<td>480</td>
<td>7</td>
<td>1040</td>
<td>6</td>
<td>1520</td>
</tr>
<tr>
<td>Training in innovative designs in pattern making/</td>
<td>74</td>
<td>740</td>
<td>25</td>
<td>250</td>
<td>67</td>
<td>670</td>
</tr>
<tr>
<td>talim writing/plaster, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of artisans/ SHG leaders/ NGO in capacity</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>260</td>
<td>11</td>
<td>220</td>
</tr>
<tr>
<td>building</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conducting seminars/</td>
<td>-</td>
<td>-</td>
<td>14</td>
<td>1400</td>
<td>11</td>
<td>1100</td>
</tr>
</tbody>
</table>
Financial achievements - A total outlay of INR 72.88 crore was approved by the cabinet, out of which a final grant of INR 37.06 crore has been granted and a total expenditure of INR 32.69 crore has been incurred. Nearly, 88% of the funds were utilized under the Human Resource and Development Scheme. For the year 2011 – 2012, INR 17.75 crore has already been approved, as given in the following table:

### Table 3-16: Financial achievements of HRD scheme in the 11th plan period

<table>
<thead>
<tr>
<th>Outlay approved by CCEA</th>
<th>2007 - 08</th>
<th>2008–09</th>
<th>2009- 10</th>
<th>2010-11</th>
<th>Total in 11th Plan</th>
<th>2011-12</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Final grant</td>
<td>Exp.</td>
<td>Final grant</td>
<td>Exp.</td>
<td>Final grant</td>
<td>Exp.</td>
</tr>
<tr>
<td><strong>72.88</strong></td>
<td>5.20</td>
<td>5.05</td>
<td>4.72</td>
<td>4.15</td>
<td>7.80</td>
<td>7.07</td>
</tr>
</tbody>
</table>

*Source: 1st meeting of sub-group on Research, education, training, design and compliance issues (in INR crore)*

### 3.4.3 Key challenges

- The scheme largely focuses on imparting trainings at all levels to the artisans for improvement of end product; it has been observed that the programs are not able to achieve the required long term impacts.
- The programs where designer faculty are appointed to support the artisans in product development have helped the sector marginally. However, it has been noted in one of the studies, that in many cases this intervention creates a divide between the artisan who is delegated to labour and the designer being tagged as the creator.
- The Designers lack required penetration about the knowledge of crafts and its practical application, though they have good theoretical knowledge
- Training programs are treated as one time activity and there is no mechanism of follow up which ensures that the knowledge gained through these programs is put to practical use or developed further as the case may be.
- It has been observed by the subgroup that lack of a dedicated institute for Handicrafts sector impacts the sustainability of these initiatives. There is no mechanism/organization that can track the resource pool created and ensure their upliftment.
- The various parameters in the scheme need revision which include the following:
  - The period of Guru Shishya Parampara can be revisited
• Stipend of artisans and remuneration of master craftsperson is too low
• Application procedures and sanction system is cumbersome

Impact evaluations are another area of concern. At present there are no mechanism in place to assess the impact of training programmes imparted to the artisans

There is no system for quality assessment of the training programmes carried out by the organizations/institutions engaged by the Ministry
3.5 Comprehensive Artisan Welfare Scheme

The subject of ‘Artisan Welfare’ is being addressed by the Office of DC (H) through its ‘Handicrafts Artisans Comprehensive Welfare Schemes’. The scheme has been conceptualized to address the welfare needs of the artisans in terms of health & insurance.

The two key components of the scheme are as follows:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rajiv Gandhi Shilpi Swasthya Bima Yojana</td>
<td>Financially enabling the artisans’ community to access to the best of healthcare facilities in the country</td>
</tr>
<tr>
<td>(RGSSBY)</td>
<td></td>
</tr>
<tr>
<td>Janashree Bima Yojana for Handicrafts Artisans (JBY)</td>
<td>Provide life insurance protection to handicrafts artisans, whether male or female, between age group of 18 – 60 years</td>
</tr>
</tbody>
</table>

Apart from that the above, the office of DC (H) also implements a ‘Pension scheme’ titled ‘Financial assistance to artisans in indigent circumstances’ under the non-plan funds. This scheme specially focuses only on the National awardees, NMCs and State awardees. Any person of the age 60 years or above and having an annual income of less than INR 15,000/-, is eligible to get a pension of INR 1000/- per month.

Midterm evaluation report highlights the positive impacts of the welfare scheme. RGSSBY has substantially benefitted artisans, specifically the vulnerable population, women and children. An overwhelming majority of the current beneficiaries desire the programme to continue in the future. An overview of the physical and financial achievements of the scheme is as follows:

3.5.1 Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY)

Rajiv Gandhi Shilpi Swasthya Bima Yojana aims at financially enabling the artisans’ community to access to the best of healthcare facilities in the country. This scheme covers not only the artisans but his wife and two children also.
**Eligibility:** All Craft persons whether male or female, between the age group of one day to 80 years will be eligible to be covered under the Rajiv Gandhi Shilpi Swasthya Bima Yojana. The other necessary conditions are:

- One artisan family will receive the benefit for 3 years
- Primacy would be given for renewals. Minimum 80% cases should be renewed.
- The Handicrafts Artisans Comprehensive Welfare Scheme will be implemented for a period of 5 years. The Rajiv Gandhi Shilpi Swasthya Bima Yojana, for the first 2 years, i.e. for the year 2007-08 & 2008-09, will be implemented for all categories of handicrafts artisans. Details are given in annexure 10.1.5.

Implementation of the scheme is through insurance companies. The initial 3 years of the plan period (2007-10), the task was entrusted to one insurance company selected through competitive bidding process. Thereafter, during the 4th and 5th year two insurance companies i.e. Reliance General Insurance Company and ICICI Lombard General Insurance Company were selected on Zonal basis, i.e. for Zone I and Zone II respectively, comprising of non overlapping States.

In terms of CCEA approved scheme for the 11th Plan, the Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY) component of Handicrafts Artisans Compressive Welfare Scheme was to be implemented for all categories of artisans in the first 2 years and thereafter, on implementation of Health Insurance Scheme of Ministry of Labour for BPL Workers, the RGSSBY was to be implemented, from 2009-10 to 2011-12, only for Non BPL Handicrafts Artisans. However, the Health Insurance Scheme of Ministry of Labour for BPL Workers had not been fully implemented in the entire country. Therefore, it was proposed that RGSSBY should be implemented in 2009-10 for BPL artisans as well so as to ensure the BPL artisans covered in the first 2 years of the 11th plan do not get deprived of the benefits available under RGSSBY in the 3rd year of the Plan.

### 3.5.1.1 Physical and financial achievements

The achievement figures are given in the tables below.

- Approximately, INR 251.21 crore has been released under the scheme covering nearly 28, 35,733 beneficiaries. The performance of the scheme is summarised in the following tables:

**Table 3-17: Artisans covered by the RGSSBY scheme**
Table 3-18: Claims status under the RGSSBY scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>Claim received</th>
<th>Claim settled</th>
<th>Claim Ratio %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount (INR cr)</td>
<td>Number</td>
</tr>
<tr>
<td>2007-08</td>
<td>14,71,282</td>
<td>71.1</td>
<td>14,61,451</td>
</tr>
<tr>
<td>2008-09</td>
<td>21,49,817</td>
<td>74.4</td>
<td>21,35,290</td>
</tr>
<tr>
<td>2009-10</td>
<td>15,71,516</td>
<td>41.7</td>
<td>15,20,698</td>
</tr>
<tr>
<td>Total</td>
<td>5,19,2615</td>
<td>187.2</td>
<td>5,11,7439</td>
</tr>
</tbody>
</table>

Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011– DC(H) office

Table 3-19: Year wise details on the number of health camps organized under the RGSSBY

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Year</th>
<th>Number of health camps organized</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2007-08</td>
<td>175</td>
</tr>
<tr>
<td>2</td>
<td>2008-09</td>
<td>200</td>
</tr>
<tr>
<td>3</td>
<td>2009-10</td>
<td>339</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>714</td>
</tr>
</tbody>
</table>

Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011– DC(H) office

3.5.2 Janashree Bima Yojana for Handicrafts Artisans

The objective of “Bima Yojana For Handicrafts Artisans” is to provide life insurance protection to the Handicrafts Artisans, whether male or female, between the age group of 18-60 years.

Eligibility: All crafts persons, whether male or female, between the age group of 18-60 years will be eligible to be covered under the BIMA Yojana for Handicrafts ARTISANS. Details are given in annexure 10.1.5.
3.5.2.1 Physical and financial achievements

*Physical achievements:* This life insurance scheme covers all artisans between the age group of 16-80 years and has been benefitting the persons since its launch in 2003. The physical achievements of JBY are as follows:

- The INR 0.88 crore released so has benefitted 15, 50,970 artisans. The performance of Bima Yojana for Handicraft artisans in the 11th plan period is summarised in the tables given below:
Table 3-20: Artisans covered by the Bima Yojna

<table>
<thead>
<tr>
<th>Components</th>
<th>2006-07</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of artisans covered</td>
<td>1,14,990</td>
<td>97,636</td>
<td>9,66,050</td>
<td>37,985</td>
<td>1,37,765</td>
<td>15,50,970</td>
</tr>
<tr>
<td>Amount released to LIC</td>
<td>-</td>
<td>1.5</td>
<td>4.4</td>
<td>0.45</td>
<td>0.22</td>
<td>0.88</td>
</tr>
<tr>
<td>(in INR crore)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011– DC(H) office

- A total of 1360 claims have been settled since 2004 to 2010 and close to INR 3.49 crore has been paid to the beneficiaries.

Table 3-21: Year wise details on the number of insurance claims settled under the Bima Yojana scheme

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of claims settled</th>
<th>Amount paid (INR cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>120</td>
<td>0.24</td>
</tr>
<tr>
<td>2005-06</td>
<td>266</td>
<td>0.54</td>
</tr>
<tr>
<td>2006-07</td>
<td>305</td>
<td>0.66</td>
</tr>
<tr>
<td>2007-08</td>
<td>127</td>
<td>0.38</td>
</tr>
<tr>
<td>2008-09</td>
<td>140</td>
<td>0.43</td>
</tr>
<tr>
<td>2009-10</td>
<td>186</td>
<td>0.55</td>
</tr>
<tr>
<td>2010-11</td>
<td>216</td>
<td>0.69</td>
</tr>
<tr>
<td>Total</td>
<td>1,360</td>
<td>3.49</td>
</tr>
</tbody>
</table>

Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011– DC(H) office

- A total of 71,542 scholarships have been granted in the 11th plan period and close to INR 4.7 crore has been paid to the beneficiaries under the scheme.

Table 3-22: Year wise break up of number of scholarships and amount paid under the Shiksha Sahyog Yojana

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of scholarships</th>
<th>Amount paid (INR cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08*</td>
<td>7736</td>
<td>0.48</td>
</tr>
<tr>
<td>2008-09</td>
<td>9783</td>
<td>0.85</td>
</tr>
<tr>
<td>2009-10</td>
<td>15462</td>
<td>0.95</td>
</tr>
<tr>
<td>2010-11</td>
<td>38557</td>
<td>2.4</td>
</tr>
<tr>
<td>Total</td>
<td>71,542</td>
<td>4.7</td>
</tr>
</tbody>
</table>

*Scholarships data only maintained from 2007-08 by LIC of India

Source: First meeting of Sub-group on Artisans Welfare on 21.06.2011– DC(H) office
Financial achievements: A total outlay of INR 405.30 crore was approved by the Cabinet under this scheme for the 11th plan period out which final grant of INR 279.04 crore has been granted for the first four years of the plan and a total expenditure of INR 252.39 crore has been incurred. Nearly, 90% of the funds were utilized under the Handicraft Artisans Welfare Scheme.

- For the year 2011 – 2012, INR 69.00 crore has already been approved.

Table 3-23: Year wise breakup of the grant and expenditure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Final grant</td>
<td>Final grant</td>
<td>Final grant</td>
<td>Final grant</td>
<td>Final grant</td>
<td>Final grant</td>
</tr>
<tr>
<td>405.30</td>
<td>71.39</td>
<td>71.17</td>
<td>86.52</td>
<td>70.59</td>
<td>50.54</td>
<td>279.04</td>
</tr>
</tbody>
</table>

Source: First meeting of working group on 12th five year plan – DC(H) office (in INR crore)

The performance of the schemes was presented to the Subgroup during the first meeting and further comments and suggestions were invited from the members. Further discussions were held in the second meeting and also some feedback was received from the members in written. Based on the discussions and the feedback received, following issues have been identified which need to be addressed during the 12th plan period.

3.5.3 Key issues/challenges

A summary of issues as highlighted by the evaluation study of RGSSBY and during the sub-group meetings are as follows:

- **Distance to empanelled centres and inadequate facilities:** Nearly 50% of the artisans pointed out that they faced problems to contact doctors in empanelled facilities on account of distance. Going more than five kilometres to receive treatment takes away the whole day and if a patient has to visit the centre a number of times during one ailment then considerable time is wasted. Specifically in Bihar, Chhattisgarh, NER, patients complained that covering long distance by walk in sick condition is the major hindrance to reach doctors or facilities. Inadequate facilities: Over 60 respondents complained about inadequate facilities

- **Lack of ability to comprehend the mediclaim procedures:** Most of the artisans living in rural areas were illiterate or semi literate. They found it difficult to keep
accounts of all the details of treatment, receipts obtained for drugs, clinical and other tests conducted and the items that are eligible for reimbursement etc. More than 90% of the beneficiaries even did not keep a copy of the claims finally submitted. And when they got the reimbursement, they were not quite sure whether the amount received was less than what they had claimed and if so, whether the difference was substantial. The reasons for lower than the amount claimed were also not let known to the beneficiaries.

**Claim settlement:** From the data obtained from ICICI Lombard, it was observed that overall 82% of the claims in terms of numbers were settled during the year 2007-08, and only 1% of the claims rejected or disallowed. Such numbers, by themselves, look good. But a deeper analysis shows that in terms of amounts only 51% of the claims were settled. This means the smaller claims were settled while heavy claims required more scrutiny and more time for settlement.

**Rejection of claim settlement:** The issues on rejection of claim settlement was also highlighted by an artisan, stating that in most cases the companies did not bother to provide the claimants with reasons for rejections. The same issue was also highlighted by the mid-term report.

**Regional discrepancies in performance:** Regional discrepancies were observed in the awareness about policy, claim and settlement patterns. Southern and Eastern regions showed better numbers as compared to the performance of Northern, North-Eastern and Central regions in all aspects.

**Eligibility under the pension scheme:** It was highlighted that the current pension amount of INR 1000/- per month was too meagre considering the substantial rise in inflation in the past few years. Coupled with this, the conditions of age (60+) and the annual income being (<Rs.15, 000/-), restricted the scheme from benefitting the needy. These conditions were too restrictive and out of sync with the present day income levels and living standards.

**Structure of the Janashree Bima Yojana:** At present the policy is a group insurance policy, wherein the benefits are extended to a group of artisans approved by the regional office of DC (H). The individual artisan is often unaware about his/her coverage under the policy. Further the education benefits under this scheme are extended to only 15% of eligible candidates, and hence many deserving students could not avail the required benefits.
### CASE STUDY 1: Occupational Health and Safety issues

A baseline study conducted through EU support by AIACA, Tradecraft and Cotex found that there are significant adverse health impacts of handicraft production across a range of crafts clusters.

**Objective:**

Study the occupational hazards and safety issues faced by the artisans and to develop a strategy to mitigate the risks involved.

**Key findings:**

- In pottery, wooden fired kilns emit a lot of smoke and fumes that are potentially carcinogenic. In addition, heavy metals such as copper, cobalt, and cadmium, present in the colors used have known adverse impacts on health, attacking the neurological systems in the body. The use of leaded glass in the production process also has adverse health impacts.

- None of the workers use appropriate dust masks while working; even the use of cloth for covering the nose and mouth is almost non-existent.

- In metal casting, burns occur commonly during repeated heating of the metal ingots where cinders scatter from the fire. The arms and feet are most prone to burns as they are more exposed. Cuts on the hand from handling sharp edges are also common. Disturbingly, older workers suffer from severe tremors of the hands, even as a few younger ones are also seen with mild tremors in the fingers, which may be due to metal toxicity as well as muscular fatigue owing to the strenuous work pattern.

- Poor eyesight and eye-related ailments are common across crafts clusters. Eyes are affected by the direct impact of chemical agents such as metallic fumes and physical agents such as dirt, dust and particles. Poorly lit workplaces also put strain on the eyes, which leads to watery eyes and poor eyesight.

**Key Recommendations**

- Occupational Health and Safety needs to be inserted as an area of focus into existing schemes, especially the Babasaheb Ambedkar Hastshilp Vikas Yojana (BAHVY) and the Technology Up gradation Scheme (TUS).

- During the 12th plan period, support is needed to conduct more research to identify and quantify health impacts in selected crafts clusters. The Office of the DC Handicrafts should seek to commission studies into selected crafts clusters to identify and quantify adverse health impacts and to further develop appropriate solutions.
**Other challenges**

- **RGSSBY**: Pathological and other tests by empanelled IPD centres, non-disclosure of amounts to beneficiaries’ treated and long delay in claim settlement are some other constraints that adversely affect beneficiary satisfaction.
- Also critical illnesses were not covered under the RGSSBY scheme.
- Lack of a comprehensive monitoring and evaluation mechanism at the national and regional level through DC (H) offices.
- Lack of proper sanitation facilities at clusters which specially impacted the health of women workers.
- Lack of work sheds in the area, left the workers with no option but to work from their homes in unhygienic conditions without proper facilities for sanitation, lighting and appropriate place for their tools, equipments, raw and processed material as well as finished products etc.

**Other schemes that were reviewed by members**

Two other schemes were reviewed by members for their applicability to the current situation:

**CASE STUDY 2: ‘ABHAY HASTAM’ Scheme of Andhra Pradesh**

The scheme is being implemented in the State of Andhra Pradesh

**Objective**: To provide pension support to member of Self Help Groups (SHG) during old age and social security and insurance cover to provide financial support to SHGs.

**Key findings:**

The scheme provides all benefits as per the current Janashree Bima Yojna for the Handicraft’s artisans. In addition, the following benefits are also extended:

- Out of 365+365=730, an amount of Rs 75( + 75 from SC Fund ) goes towards "Janshri Bima Yojana" benefits:
- Balance ( 730 – 75 = Rs.655 ) is taken to superannuation fund which is managed by LIC as a defined contribution pension fund

<table>
<thead>
<tr>
<th>Amount (INR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member’s contribution</td>
</tr>
<tr>
<td>GOVT OF ANDHARA”s contribution</td>
</tr>
<tr>
<td>SC FUND (LIC) contribution</td>
</tr>
<tr>
<td><strong>T TAL</strong></td>
</tr>
</tbody>
</table>
CASE STUDY 3: ‘SWAVALAMBAN’ Scheme

The scheme is floated by Govt. of India under National Pension Scheme LITE (NPS LITE) platform. NPS LITE is being administered by PFRDA with independent Fund Managers and central record keeping agency NSDL.

Key findings:

- A government contribution of Rs 1000 is made to the account provided members own contribution is between 1000 and 12000 in a year
- Government contribution is available for six years from fin year 2010-2011 up to 2015-2016 (Now for five remaining years)
- The following benefits are given to the person:
  - At the age of 60
    - 60% of the corpus converts into pension
    - 40% can be taken as lump sum
    - Minimum pension to be 1000 p.m.
  - On early death
    - Either the nominee can take the entire corpus as cash or opt for a monthly pension
  - Premature exits
    - Allowed subject to 80% of corpus to be used for pension subject to minimum pension of Rs 1000 per month
    - In case 80% corpus not sufficient, entire corpus to be used for pension
3.6 Research and Development Scheme (R&D)

R&D scheme was introduced in 1956-57 as central sector scheme on all India basis to generate feedback on economic, social, aesthetic and promotional aspects of various crafts and artisans in the sector.

**Study of important crafts, survey, in depth analysis of specific aspects and problems related to the handicraft sector which would aid in policy planning and evaluating various schemes and initiatives undertaken by utilizing the expertise of reputed research institutions and other professionals/**

### 3.6.1 Scheme details

The R&D scheme in its present state has the following components:

1. **Survey and studies: Applicable studies/surveys include the following:**
   - Surveys/ studies of specific crafts for which adequate information is not available
   - Problems relating to availability of raw material, technology, design, common facilities, etc
   - Living and working conditions of artisans in specific areas of crafts
   - Market evaluation studies of specific crafts for either domestic or overseas markets
   - Techno-economic feasibility studies and post evaluation of the various promotional projects programmes undertaken in the handicrafts sector
   - Areas requiring special study for uplift of the weaker sections viz. scheduled castes and scheduled tribes
   - Financial assistance for preparation of legal, para legal, standards, audits and other documentation leading to labelling/ certification
   - Financial assistance to organizations for evolving, developing a mechanism for protecting crafts, design, heritage, historical knowledge base, research and implementation of the same enabling the sector/ segment to face challenges for utilizing the opportunities of post WTO regime
   - Financial assistance for taking up problems/ issues relating to brand building and promotion of Indian Handicrafts.
   - Any other problems like conducting of workshops/ seminars/ issues of specific nature relating to handicrafts sector.
2. Census of handicraft artisans: Conducting all India Census of handicraft artisans @20% districts of the country every year.


5. Assistance for adoption of Global standards: Assisting handicrafts exporters in adoption of GSI global identification standards and for bar coding, including handicrafts mark for generic products.

**Eligibility criteria**

1. **Organization:** Any organization registered under any of the Statutory Acts (companies Act 1956, Societies Registration Act 1860, Co operative Act. etc.) or registered with any bodies like DCSSI, office of the Development Commissioner (Handicrafts), etc. or universities and recognized research institutions

2. **Individual:** Not extendable to any particular individual unless he/she is an eminent scholar or a person associated with promotion of handicrafts for a long time.

**Funding**

Under this scheme financial assistance is in form of grant in aid/ other charges. The terms of payment, schedule of payment and the amount indicated in the proposal will be subject to approval of Development Commissioner (Handicrafts). General mode of payment followed is advance payment not exceeding 50%, which may vary if found essential, and balance after acceptance of the final report.

3.6.2 **Physical and financial achievements**

The Research and Development scheme provided impetus in redefining and realigning the handicraft sector as per the current market forces along with safeguarding the interest of the artisans. Various need based studies such as identification of new technology and designs, country benchmarks, strategies to address key issues and challenges were concluded to assess the current positioning of the sector.

**Physical achievements**
1. Survey and studies: A total of 101 research studies were commissioned along with 223 workshops. One of the key achievements was research study on formulation of definition on Handicrafts. A study has been conducted to derive on a standard and universally acceptable definition for handicrafts. A list of key studies commissioned during the 11th plan period is as follows:

<table>
<thead>
<tr>
<th>Topic of the study</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing “Handicrafts Mark”</td>
<td>NID, Ahmedabad</td>
</tr>
<tr>
<td>Assessment and development of financing model for handicrafts artisans</td>
<td>NABARD Mumbai</td>
</tr>
<tr>
<td>Definition of languishing crafts, survey &amp; identification of 30 languishing crafts</td>
<td>NIFT, New Delhi</td>
</tr>
<tr>
<td>in the country.</td>
<td></td>
</tr>
<tr>
<td>Declining trend of export in handicrafts in India</td>
<td>IIFT, New Delhi</td>
</tr>
<tr>
<td>Definition of Handicrafts</td>
<td>EPCH, New Delhi</td>
</tr>
<tr>
<td>Bamboo raw material management and its preservation in production to consumption</td>
<td>Entrepreneurship Development Cell, Guwahati (NER)</td>
</tr>
<tr>
<td>system</td>
<td></td>
</tr>
<tr>
<td>Study research, documentation and preservation of decorative art and crafts of</td>
<td>UNNAYAN Society to promote Heritage Craft and</td>
</tr>
<tr>
<td>Nagaland</td>
<td>Craft people of India, New Delhi (NER)</td>
</tr>
<tr>
<td>Technical modifications in the metallic carpet looms developed by Indian Institute</td>
<td>IIT, Delhi</td>
</tr>
<tr>
<td>of Technology, Delhi</td>
<td></td>
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<tr>
<td>Study on trace analysis of beneficiaries of AHVY</td>
<td>AC Nielson Org Marg</td>
</tr>
<tr>
<td>Study on trace analysis of beneficiaries of MSS</td>
<td>AC Nielson Org Marg</td>
</tr>
<tr>
<td>Analysis of export performance of Handicrafts by Vietnam</td>
<td>IIFT, New Delhi</td>
</tr>
<tr>
<td>Design development including product development on tribal handicrafts of Andaman</td>
<td>D.J. Research Consultancy (Orissa) Pvt. Ltd.,</td>
</tr>
<tr>
<td>&amp; Nicobar</td>
<td>Bhubaneswar</td>
</tr>
<tr>
<td>Sustainability of AHVY Clusters</td>
<td>IIFT, New Delhi</td>
</tr>
</tbody>
</table>

Source: First meeting of sub-group on Research, Education, Training, Design and Compliance issues for the 12th plan

2. Census of Handicraft Artisan: Complete census of Handicrafts artisans all over the country is under operation. Census of 40% districts is nearing completion and remaining is ongoing. National projections based on sample of artisans evaluated in 20% districts in the country in the year 2007-08 estimates 86, 82,204 artisans.

3. GI Registration: Studies for registration of 85 crafts under GI registration were commissioned and as an outcome 33 crafts were registered in the last FYP.
4. Laboratory sanctioned: 6 testing labs were sanctioned. These are:
   - University of Delhi for “Strengthening of Existing Laboratory for Research & Development Standardization, Training & Certification of Metal Handicrafts”
   - MHSC, Moradabad for setting up of testing lab at Moradabad (UP) in Metal Craft.
   - EPCH, New Delhi for setting up of testing lab at Jodhpur in Wood Craft.
   - EPCH, New Delhi for setting up of testing lab at Sitapur in Textile Craft.
   - EPCH, New Delhi for setting up of testing lab at Agartala in Cane & Bamboo Craft.
   - EPCH, New Delhi for setting up of testing lab at Saharanpur in Wood Craft.


Table 3-25: Physical achievements of the R&D scheme in the 11th plan period

<table>
<thead>
<tr>
<th>Components</th>
<th>2007-08</th>
<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>Total in 11th plan</th>
<th>Target 2011-2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research studies</td>
<td>17</td>
<td>30</td>
<td>17</td>
<td>37</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Workshops</td>
<td>17</td>
<td>206</td>
<td>223</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting up of testing labs</td>
<td>1</td>
<td>-</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Census</td>
<td>20% districts in four regions</td>
<td>20/40% districts in all regions</td>
<td>60% districts in four regions</td>
<td>60% districts in two regions</td>
<td>Under operation</td>
<td></td>
</tr>
</tbody>
</table>

Source: 1st meeting of SG on Research, Education, Training, Design and Compliance issues for the 12th plan.

**Financial achievements** - A total outlay of INR 40 crore was approved by the cabinet under this scheme. Approximately, a final grant of INR 26.11 crore has been granted and a total expenditure of INR 19.01 crore has been incurred. Nearly, 73% of the funds were utilized under the Research and Development Scheme.

For the year 2011 – 2012, INR 8.25 crore has already been approved. Year wise breakup of the grant and expenditure is given in the following table:

Table 3-26: Financial achievements of the R&D scheme in the 11th plan period

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Final grant</td>
<td>Exp. grant</td>
<td>Final grant</td>
<td>Exp. grant</td>
<td>Final grant</td>
<td>Exp. grant</td>
</tr>
<tr>
<td>40.00</td>
<td>2.05</td>
<td>2.03</td>
<td>6.11</td>
<td>4.96</td>
<td>5.95</td>
<td>5.17</td>
</tr>
</tbody>
</table>
Working group report on Handicrafts for the 12th Five Year Plan

Source: First meeting of working group on 12th five year plan – DC(H) office (in INR crore)
3.6.3 Key challenges

- The scheme in its present form presents certain challenges in evaluating the proposals for the research studies.
- There is lack of a monitoring mechanism to assess/evaluate the effectiveness of the projects and its practical applicability.
- Implementation of projects/studies on ground also faces challenges and there is no system to get the projects implemented.
- There is no reliable and comprehensive database for the sector.
- There is no monitoring and evaluation mechanism.
- Key findings of the researches carried out have not been widely circulated.
- There has been no changes in the policies based on the research findings.
- Scope of research work is limited to a few major crafts.
Working group report on Handicrafts for the 12th Five Year Plan
4 Key cross cutting issues

4.1 Gender concerns

The Sub group on handicrafts for 12th Plan took note of the government’s endeavour to various initiatives of the Ministry of Women & Child Welfare Development in bringing about gender equity through gender budgeting as an important tool for ensuring adequate flow of resources and benefits to women and to mainstream gender concerns in all programmes and schemes.

The term ‘gender budgeting’ has become a catch all phrase to describe various governmental initiatives that seek to address gender issues in the domain of public expenditure and policy. Two definitions are quoted to introduce the concept “Gender sensitive budgets’, ‘gender budgets’ and ‘women’s budget’ refer to a variety of process and tools aimed at facilitating an assessment of the gendered impacts of government budgets. In the evolution of these exercises, the focus has been on auditing government budgets for their impact on women and girls. It is important to recognize that ‘women's budget' or ‘gender sensitive budgets’ are not separate budgets for women, or for men.

They are attempts to break down, or disaggregate; the government’s mainstream budget according to its impact on women and men, and different groups of women and men with cognizance being given to society's underpinning gender relations”."Gender budget initiatives analyze how governments raise and spend public money, with the aim of securing gender equality in decision making about public resource allocation, and gender equality in the distribution of the impact of government budgets, both are in their benefits and in their burdens. The impact of government budgets on the most disadvantaged groups of women is a focus of special attention."  

The above definitions underline the fact that gender budgeting is now seen as a socio-economic tool for ensuring gender equity in the development process and lays a strong emphasis on engendering public expenditure and policy. Critical activities constituting the gender budgeting exercise would include

- Addressing gap between policy commitment and allocation for women through adequate resource allocation and gender sensitive programme formulation and
Mainstreaming gender concerns in public expenditure and policy

General audit of public expenditure, programme implementation and policies relating to public expenditure, fiscal & monetary matters etc

Specific focus on gender based resource allocation is seen from the Eighth Plan onwards. The Eighth Plan (1992-97) highlighted for the first time a gender perspective and the need to ensure flow of funds from the general developmental sectors to women. The plan document made an express statement that "...the benefits to development from different sectors should not bypass women and special programme on women should be complemented to the general developmental programmes. The latter, in turn should reflect greater gender sensitivity"

The Ninth Plan (1997-2002) adopted 'Women Component Plan' as one of the major strategies both the Central and State Government s to ensure “not less than 30 percent of the funds/ benefits are earmarked funds/ benefits through an effective mechanism to ensure that the proposed strategy brings forth a holistic approach towards empowering women.

The Tenth plan (2002-2007) reinforced commitment to gender budgeting to establish its gender differential impact and to translate gender commitments into budgetary commitments. The Plan showed commitment in the form of statement that” the tenth plan will initiate immediate action in tying up these two effective components of Women Component Plan and Gender Budgeting to play a complementary role to each other, and thus ensure both preventive and post facto action in enabling women to receive their rightful share from all the women related general development sectors.”

The Eleventh Plan (2008-2012) also continued its focus on the women's empowerment stressing on special focus on inclusion of women in all its programs.

Further during the Twelfth plan period, it is observed that the focus needs to continue, although any need for outlining specific scheme/interventions was not discussed. The recommendations have been further detailed in chapter 8.
4.2 Credit

The problem of lack of access to credit in the absence of collateral security is widely recognized as the most debilitating constraint faced by handicrafts artisans in the country today. Although handicrafts is a relatively low capital intensive sector, the availability of working capital is crucial owing to the long, slow production process for most hand-made goods—forcing many artisans into a vicious debt cycle. Another major constraint faced by the sector is availability of good quality raw material. Factors such as depleting natural resources and competition from the organized sector, often force artisans to make do with poor quality materials. Recognizing the severity of these constraints, one of the strategies adopted for the 11th Five Year Plan was—Ensuring increased and easy availability of credit for the sector. The schemes introduced to facilitate access to credit and raw material under the previous plan, have been successful to a limited extent. However, several constraints to their effective implementation have since come up, clearly indicating the need to revise and improve them.

The flagship scheme of DCH— the Babasaheb Ambedkar Hastshilp Vikas Yojana (AHVY) includes two financial intervention components viz. Margin Money Support to artisan federations to enable them to leverage finance from the banking system, and Credit Guarantee support to solve the problem of collateral security. Artisan Credit Cards were also issued by banks to mitigate this problem. The major problems leading to limited off-take under the financial intervention components of AHVY may partially be attributed to failure on the part of banks to deliver credit to artisans.

4.2.1 Credit related constraints faced by Artisans

The handicrafts industry requires relatively low capital investment; however, access to working capital is crucial. The cost of raw material required per unit of output is quite high for most handmade products and the production process being manual and labor intensive, may be very slow. Thus, an artisan may even have to wait 3-6 months before realization of sales revenue.

Further, even if credit were available to artisans for their inputs, they require finance to cover their living costs for the (often long) period in between purchase of raw material and realization of revenue from the sale of the finished goods. Given that a significant number of
artisan are poor, they requires credit both for production as well as consumption purposes, although the line dividing the production and consumption needs is very thin, as is the case with small home-based production units.

Shortage of working capital for artisans has several implications-

- It inhibits expansion and adversely affects the bargaining power as artisans are unable to hold on to stocks of finished products and therefore cannot maximize returns from the market
- Artisans often have to resort to distress sales.
- As a result artisans get trapped in a vicious debt cycle and sink deeper into a state of poverty.
- In most clusters, smaller artisans rely on bigger traders for an advance to purchase raw materials and sustain themselves, which can lead to a situation of over-dependence on traders.

Credit access is hence the most critical stepping stone on handicrafts artisans’ path towards self sufficiency.

4.2.2 Existing Credit Delivery Mechanism for Handicrafts Sector

The handicrafts sector can be analyzed by considering the following categories of stakeholders - cluster development/implementing agencies/partners, SHGs and individual artisans. Most of the ‘agencies’ associated with implementation of AHVY have availed of benefits in the form of ‘grant-in-aid’. Very few of these avail loans either for on-lending to SHGs and individual artisans or for their own use.

Most SHGs avail of loans either from banks or MFIs and primarily these loans are used for on-lending to the SHG members for various purposes. Factors influencing ease of access to loans for SHGs include the nature of the activity/craft pursued by members, demand for credit, maturity of the SHG and its credit history, bank linkage etc.

Clearly, the conventional banking system does not have the capacity to address the needs of the sector. Microfinance Institutions address these capacity gaps by having a wide network of field staff to disburse and monitor loans. Trends in borrowings by individual artisans show that there is higher credit absorption in areas where the Microfinance movement is more developed.
**Purposes of Credit**

Stakeholders in the handicrafts sector have specific credit needs that include credit in the form of block capital, working capital i.e. credit required for production as well as credit for consumption needs of artisans. The following table illustrates the purposes for which credit is availed by the handicrafts sector-

<table>
<thead>
<tr>
<th></th>
<th>Production Purposes</th>
<th>Consumption Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Block Capital/ Investment Credit</td>
<td>Working Capital/ Production credit</td>
</tr>
<tr>
<td>Purchase of land</td>
<td>• Raw Material</td>
<td>• Livelihood Costs</td>
</tr>
<tr>
<td>Workshed</td>
<td>• Wages</td>
<td>• Health</td>
</tr>
<tr>
<td>Machinery</td>
<td>• Processing Charges</td>
<td>• Education</td>
</tr>
<tr>
<td>Tools and Equipment</td>
<td>• Costs for participating in exhibitions (transportation, rent for stall, procurement of goods, incidental costs etc.)</td>
<td>• Social Obligations (ceremonies/rituals at the time of a birth, marriage, death etc.)</td>
</tr>
<tr>
<td>Processing Facilities</td>
<td>• Raw Material</td>
<td>• Purchase of household goods</td>
</tr>
<tr>
<td></td>
<td>• Wages</td>
<td>• Purchase of vehicles</td>
</tr>
</tbody>
</table>

Source: NABARD Consultancy Services report on the study for Assessment and development of financing models for Handicrafts Artisans

**Sources of Credit**

**Banks** play an important role in providing credit to the handicrafts sector. Most of the agencies assisted under AHVY have not availed the benefits under Margin Money and Credit Guarantee components of the scheme which facilitate flow of bank credit. However, banks continue to provide credit to the artisans in various clusters. Banks have different loan products for financing the individual handicrafts artisans, including Artisan Credit Cards (ACC) and general Purpose Credit Cards (GCC) for meeting both block and working capital requirements.

**MFIs and NGOs** are a major source of credit to the handicrafts industry. Most NGOs and MFIs (Microfinance Institutions) disburse loans through SHGs.

**Other sources** including cooperative societies, government departments/PSUs, friends/relatives, master craftsmen and money lenders also provide credit to artisans.
It has been observed that SHGs are the major sources of credit for artisans, with about 70% of them borrowing through SHGs. Further, artisans seem to prefer banks to money lenders only when they need loans of higher amounts.

4.2.3 Reasons for poor flow of credit to Handicrafts sector

Constraints faced by banks

Most bank branches in rural areas are inadequately staffed. Hence, most of the time bank staff is engaged in banking operations, with very little time for business development. As a result, bank staff is not able to appreciate and understand the credit needs of artisans in the handicrafts sector.

There is a lack of awareness among bank staff about the existence of a handicrafts cluster in its area of operation. There is also not much awareness about government schemes including AHVY. Often, there is no coordination between the implementing agency and bank staff.

Most bankers consider the handicrafts sector as risk and have deemed it un-profitable to lend to the handicrafts sector.

The fact that artisans require small loans at regular intervals necessitating a large number of transactions, leads to higher cost of management for the banks.

Challenges faced by artisans

Most artisans do not have a credit history. Neither their production nor marketing operations are routed through banks due to small volumes. They also usually don’t have any records, trade bills etc. to substantiate their credit requirements. Artisans are hence not able to instil confidence in bankers and are deemed un-creditworthy.

Several artisans have a history of defaults which renders them ineligible for availing credit from the formal credit delivery system.

Majority of handicrafts artisans are illiterate/semi-literate and their level of financial literacy is very low. Hence they are uncomfortable with the documentation process involved in availing bank loans and seem to prefer informal sources.
4.3 Compliance

The emerging trade scenario at the global level has brought challenges to the export sector. The issues like child labor, human rights, and environmental pollution and management standards have started sounding the note of warning for our major exports including handicrafts sector. Price, quality & service are three primary elements that need to be continuously monitored at every stage of the value chain. However, the sector faces tremendous challenge in this area because of its very nature of being unorganized. The crafts are practiced in households with children actively participating in the work. There is no control over wages paid to the artisans, and the workplace standards.

With the increasing demand for compliance to standards in the international market by the buyers, it is high time that handicraft artisans, exporters and agencies engaged in the production should be educated about requirement of quality parameters, various testing methods, human rights etc.

During the 11th FYP, the office of DC (H) made efforts to address the issue through sanctioning of trainings and workshops in related topics. A two day awareness workshop module was also sanctioned to EPCH for conducting programmes in NER (11) and other States (191). Participants of the workshop include artisans, entrepreneurs, SHGs, exporters and manufactures. Services of TUV Rheinland, SGS India Ltd., IIT, IIFT, etc. were taken by EPCH for conducting the workshop. Testing labs had also been sanctioned under the Research and Development Scheme but these are yet to be operationalised.

Further concentrated efforts need to be made to ensure adequate knowledge dissemination to artisans, exporters, NGO’s and production agencies.

**CASE STUDY 4: Environmental compliance, occupational health and safety issues**

Two baseline studies to identify environmental concerns, occupational health and safety problems in six selected textile and craft clusters: Hand Block Printing in Jaipur; Blue Pottery in Jaipur; Leather in Ajmer and Jaipur; Bell Metal in Orissa; Dhokra in Orissa and Ikkat in Pochampally.

*European Union support, AIACA - in collaboration with Traidcraft UK (a leading international fair trade organization) and COTEX (an association of textile producers) in Jaipur - conducted*

**Objective:**

Study 1; Quantify environmental impact in 6 selected craft and handloom processes

Study 2; To identify occupational health and safety problems in six selected textile and craft clusters
CASE STUDY 4: Environmental compliance, occupational health and safety issues

Key findings: STUDY 1: Environmental Issues

- In all textile based-crafts that include dying, there is significant adverse environmental impact, specifically in the extensive use of groundwater and the discharge of untreated chemical effluents from dying.
- Wastewater is produced in significant quantities from pre-dying boiling and bleaching operations; washing and dying operations; and finishing of the fabric, during which it is washed multiple times.
- The wastewater was found to have a combination of effluents based on the use of the following chemical agents in the production process:
  - Acids, mineral and organic (acetic, citric, formic, tartaric)
  - Alkalis (caustic soda, carbonate)
  - Oxidants, from bleaching (hypochlorite, hydrogen peroxide, borates, dichromate used as developers for certain dyes)
  - Reducing agents (sodium hydrogen sulphite, sulphite) Inputs
  - Auxiliary chemicals (alginates, carboxymethyl cellulose, starch, enzymes, gums,
  - Detergents, sodium chloride, and sodium sulphate for dye baths)
  - Dyes in solution: acid, basic, reactive, mordant and other dyes
  - Dyes in suspension: vat, oxidation, disperse, pigment, azo and other dyes
- Most small dying and printing units do not have any wastewater treatment facility. They simply discharge untreated waste into the surrounding communities.
- Leather tanning also has significant adverse environmental impact, with the extensive use of water and air pollution from various tanning-related processes. In cases where artisans have switched away from traditional vegetable-dye tanning techniques to chemicals, there is even worse environmental impact through discharge of chemically polluted waste-water.
- Metal-based craft processes were also found to have adverse environmental impact due to release of fumes (copper and zinc) into the air during the smelting of scrap, which is the primary raw material in such processes. Such metal fumes do not break down in the environment and has a tendency to accumulate in plants and animals.

Key findings: STUDY 2: Occupational Health and Safety issues

- Pulmonary problems were widespread – due to exposure to fumes and dust in the production process - with only a small number of crafts producers tested having lung function that would be considered normal for an adult. Leather-tanning, pottery, metal work and glass-work all had very damaging pulmonary impact on crafts producers. In leather tanning, only 8 out of 96 workers tested had normal lung function.
- In pottery, wooden fired kilns emit a lot of smoke and fumes that are potentially carcinogenic. In addition, heavy metals such as copper, cobalt, and cadmium, present in the colors used have known adverse impacts on health, attacking the neurological systems in the body. The use of leaded glass in the production process also has adverse health impacts.
- None of the workers use appropriate dust masks while working; even the use of cloth for covering the nose and mouth is almost non-existent.
- In metal casting, burns occur commonly during repeated heating of the metal ingots where cinders scatter from the fire. The arms and feet are most prone to burns as they are more exposed. Cuts on the hand from handling sharp edges are also common. Disturbingly, older workers suffer from severe tremors of the hands, even as a few younger ones are also seen with
CASE STUDY 4: Environmental compliance, occupational health and safety issues

- Mild tremors in the fingers, which may be due to metal toxicity as well as muscular fatigue owing to the strenuous work pattern.

- Poor eyesight and eye-related ailments are common across crafts clusters. Eyes are affected by the direct impact of chemical agents such as metallic fumes and physical agents such as dirt, dust and particles. Poorly lit workplaces also put strain on the eyes, which leads to watery eyes and poor eyesight.
4.4 Languishing crafts

Arts & crafts can be categorized into three categories viz. living crafts, languishing crafts and extinct crafts. The onslaught of modern life with its mechanization and mass media culture has set into decline other arts and crafts which are today termed as “languishing crafts”. These include those skills and art forms that are still known and are practiced but are fast losing their relevance and popularity amongst public.

Crafts such as Chambal Rumal of Madhya Pradesh, Batik printing of Goa, Thanka paintings of Sikkim and Himachal Pradesh, Dhokra craft of Andhra Pradesh, Thewa art of Madhya Pradesh, Straw picture of Kerala, etc fall under the languishing art category.

Special provisions have been provided by the Government in the Five Year Plans for addressing for preservation and revival of the languishing craft. The scheme for identification, survey and revival of languishing crafts through measures such as design development, training, pilot products, exhibition and publicity was first introduced during the 8th Plan.

In the 11th Five Year Plan, under the Design and Technology Up gradation Scheme, a special subcomponent for Documentation, preservation and revival of rare and languishing craft was introduced. The objective of the scheme is to preserve the craft, which have cultural and economic importance. In the 11th plan period, a study on definition of languishing crafts, survey & identification of 30 languishing crafts in the country was conducted by NIFT, New Delhi. Also, languishing crafts were given special preference in exhibitions and urban haats organized throughout the country. The 25th Suraj Kund Mela gave special prominence to languishing arts and crafts.

Despite all these efforts, it is observed that these crafts are at the verge of extinction. Artisans are losing interest and the number of craftsmen has decreased. The craftsmen are not motivated enough to continue in the same craft, primarily due to inadequate finances, low return, lesser acceptability in the market, poor wage rate, lack of designers, etc.

There is an urgent need to address the issue and safeguard the interest of the artisans practicing these crafts. Special initiatives and ample support needs to be provided to flourish the craft in a traditional way. One way of tackling the craft skills shortage is to train more apprentices, and encourage young crafts people to take courses at colleges.
4.5 Geographical indications

Geographical Indication (GI) is one of the six Trade-Related Intellectual Property Rights (TRIPS) of the World Trade Organisation (WTO). It identifies a good as originating from a particular place, where a given quality, reputation or other characteristics of the good become essentially attributable to its geographical origin.

The Government of India through the Office of the DC Handicrafts commissioned studies for registration of 85 crafts under GI registration and as an outcome 33 crafts were registered in the last FYP.

However, there is a near complete absence of a post-GI implementation mechanism for handicraft products. The GI Act has three key objectives: 1) Adequately protect the interest of producers of GI goods and add to the prosperity of the producers of such goods, 2) Protect consumers from deception, and 3) Promote goods bearing GI in the export market. Only registering selected handicraft goods for GI does not fulfil these objectives.

Currently, there is no facility to provide assistance to craft cluster groups to build effective post-GI mechanisms that focus on enforcement of GIs in the domestic and export markets. There is also limited support for marketing and brand-building based on the GIs; for creating effective cluster-level producer frameworks for operational zing the use of the GIs by individual producers; and for setting minimum quality standards for GI products. Almost all handicraft GIs registered are languishing and no concrete economic benefit has accrued to craft producers due to the lack of measures to implement the GI. Currently, the action related to GIs appears concentrated only on registration of GI goods.
CASE STUDY 5: Geographic Indication

Desk-review of existing research on GIs, a review of relevant Government schemes and a case study of the operationalization of GI in the Pochampally handloom cluster

All India Artisans and Craftworker’s Welfare Association (AIACA)

Key findings:

- GI acts as a signalling device that helps producers to differentiate their products from competing products in the market and enable them to build reputation and goodwill around their products, which often fetch a premium price.

- A consumer survey done in Europe (WTO, 1999) revealed that 40 percent of consumers surveyed were willing to pay a premium of ten percent for origin-guaranteed products.

- Building up the reputation of a GI-product is not an easy task. It takes a concerted long-term strategy including monetary resources, quality control measures and a marketing strategy to create a valuable GI. In France, Champagne, for instance, took as long as 150 years to build up reputation and goodwill globally.

- The Indian Government has not made any headway in adoption of strategies for marketing and distribution of GIs products, and its branding and promotion, especially in foreign countries.

- Currently, the action related to GIs appears concentrated only on registration of GI goods and in many states the state Governments are acting in haste without a proper review of commercial potential and how the GI will be made operational in the cluster

- Key aspects of the Pochampally case study are attached as Appendix 2. AIACA’s study shows that GI registration in that cluster, one of the largest handloom clusters in India, has not had any impact on helping expand the market for genuine handmade products from the cluster. Key reasons include minimal awareness-raising efforts pre and post-GI registration; no functional cluster-level association to regulate use of GI; and lack of resources and technical expertise for branding; and lack of resources and know-how to mount legal challenges against widespread copying of products from the cluster.

Recommendations for 12th FYP:

- Post GI implementation efforts are made eligible for support under the existing Babasaheb Ambedkar Hastshilp Vikas Yojana (BAHVVY).

- Over the longer term, a separate nodal agency can be set up under the Office of the DC Handicrafts to provide handholding support for the operationalization of GIs and manage promotional efforts. The agency will be responsible for three sets of activities:
  - GI registration and operationalization
  - Brand Promotion
  - Legal Assistance

- An initial pilot project – under the Babasaheb Ambedkar Hastshilp Yojana - can be set up to carry out the above activities as an intermediate step toward establishing the nodal agency. The pilot project can seek to focus on three selected GI-registered clusters and take up post- GI implementation including setting up cluster level user associations, technical expertise to draft minimum product standards and technical expertise on setting up GI management systems at the cluster level.
4.6 Advocacy and policy support

Indian handicraft industry contributes very important role in Indian economy. For the proper functioning and operation of industry it is very essential to have some policies and regulation in place. In India, the Ministry of Textile is responsible for the formulation of policy, planning, development, export promotion and regulation of the handicraft industry. There are several other bodies and organizations which help to formulate and execute these policies. All policies should be implemented for the greater development of the whole industry so that it can help to strengthen the economy. The key challenges include the following:

- Lack of national analysis and strategy on policy options for handicraft activities, as well as critical research aimed at the assessment and the development of the handicraft sector
- Lack of a organized regulatory and legal framework for the handicraft sector
- Lack of concerted efforts by the government to strongly link tourism, cultural and historical heritage with the handicraft sector promotion
- Lack of national analyses, critical research and studies and policy papers on the development of the handicraft sector;
- Lack of grievance redresal system
- Absence of an established national association of artisans
- Poor commitment of business development agencies for the handicraft sector

4.7 Marketing of handmade carpet

The Indian handmade carpet industry is an age old industry and has made significant strides in the recent past. Export of carpets in 2009-10 was INR 2,378.8 crore and in 2010-11 is INR 2,957.7 crore. The industry is highly labour intensive and provides employment to over 2.5 million workers in the rural areas. There is still immense potential exists for growth of production and exports as the industry is spread over in states like Uttar Pradesh, J&K, Rajasthan, Haryana, Punjab, H.P., etc. The handmade carpet Industry provides extra and alternate occupation to the farmers and others at their dwellings.

India ranks No. 1 as a producer and exporter of handmade carpets and other floor
coverings both in terms of volume and value having market share of around 29% of total world import of floor coverings. The Carpet Export Promotion Council was registered at Kanpur in February, 1982 with the sole motive of increasing carpe export from India.

Projects under process

- Propose to set up expo marts in Varanasi, Jaipur and Srinagar (Kashmir)
- Carpet cluster in Bhadohi-Mirzapur carpet belt in U.P. and another in Srinagar in J&K
- Opening of new carpet weaving training centres in U.P. and other craft concentration areas
- Development of domestic markets by organizing shows and exhibitions at Varanasi, Jaipur, Panipat, Kashmir and Delhi Haat, etc.

New major/ upcoming overseas markets
Gulf countries, Russia, South East Asia such as Indonesia, Malaysia, Singapore, Thailand, Hong Kong, China, Latin American Countries, South African and other African Countries

4.8 Entrepreneurship development

Manpower is the primary in-put in the process of production of goods and rendering of services. This is especially true among less developed countries where most of the manufacturing establishments are labor intensive. The Government of India puts a lot of emphasis on its handicraft sector for its proven capacity for enhancing entrepreneurship among the rural poor, empowering rural women, generating income and reducing poverty. It is one of the largest employment sectors in rural and semi-urban areas in the country, according to the Ministry of Textile and Handicrafts in India.

Under the AHVY scheme, Entrepreneurship Development Programme (EDP) was introduced for development of sustainable cluster in an integrated manner. Also, various workshops conducted across the country under the HRD scheme included EDP as an important module and succeeded in creating general awareness amongst the artisans.

Key challenges in the handicraft sector

- Lack of awareness in artisans regarding the Entrepreneurship Development Programme (EDP)
- Lack of access to or knowledge about available resources including credit and
Limited market access

4.9 Brand promotion

Creation of a common brand for Handicrafts is essential for the development and growth of the Handicraft sector. Indian handicrafts should be themed under one specific brand that reflects the heritage and traditions of the country.

Participation in trade fairs stimulates faster action in promoting sales in domestic as well as in international market. The combination of an attractive exhibit and an enigmatic well-informed representative at a trade fair is almost unparalleled, irrespective of the event.

Various initiatives such as creation of story (hangtags), fairs, exhibitions, website creation, mobile demonstration, etc. are being considered to be implemented to developing the handmade in India brand.

Presently there is no such brand promotion activity to present the Indian handicraft on a global platform at par with other countries. There is lack of national brand promotion campaign.

4.10 Raw material

In order to improve access to raw materials, the component under AHVY- ‘Setting up of Raw Material Banks’ was envisaged under a PPP mechanism to ensure availability of good quality, certified and graded raw material to artisans/ entrepreneurs at a reasonable rate. So far, 16 Raw Material Banks have been set up under this component, however, there have been several challenges faced due to which the coverage has not been as wide as envisaged. In order to address these, a new approach is needed, with the inclusion of the Raw Material Banks component under the Infrastructure Scheme with the provision of greater financial assistance. At the same time smaller Raw Material Banks can be set up within the cluster, improving the access for artisans and attaining greater coverage.

The details of the component for setting up of ‘Raw material banks’ under the AHVY scheme and its performance are as follows

**Objective**: The Aim of this component is to make easy availability of quality, certified and graded raw material to artisan/ entrepreneur at a reasonable rate.
**Management Structure:** PPP; A core committee consisting of representatives of all partners engaged will frame modalities and ensure proper and bonafide rotation/distribution of raw material, fair pricing etc.

**Eligible Organizations:** The partner can be Government/ autonomous bodies/ Council/ Apex bodies/ SPV promoted by banks/ financial institutions and corporate bodies/ State handloom and Handicrafts Corps/ Government joint ventures/ Consortium of NGOs/ Exporters' bodies/ Associations of exporters etc. registered under relevant acts.

**Financial Assistance:** A grant of 2 Crores is provided to the eligible body in a staggered manner for capital rotation- in at most 3 instalments.

1. **1st Instalment-** 50% subject to a maximum of Rs. 1 Crore shall be released once proof of storage space is provided.

2. **2nd Instalment-** Rs 50 Lakh when actual rotation of capital has been 100% of 1st instalment and at least 10% increase in raw material corpus in terms of quantity has been achieved.

3. **3rd instalment-** Rs 50 Lakh once total capital rotation of 100% of total grant (1st and 2nd instalment) has been achieved; increase in value of corpus of raw material is 20% of the initial corpus.

An additional amount of 5% may be sanctioned for preparation of DPR, Business Plan for Raw Material Bank- to be reimbursed in case the organization is selected for implementation.

**Status of implementation of component for setting up Raw Material Banks**

A total of 16 Raw Material banks have been sanctioned so far, in the following States and Craft Categories

**Table 4-2: Number of raw material sanctioned under AHVY**

<table>
<thead>
<tr>
<th>State</th>
<th>No. of Raw Material Banks Sanctioned</th>
<th>Craft</th>
</tr>
</thead>
<tbody>
<tr>
<td>Karnataka</td>
<td>1</td>
<td>Wood &amp; Lacquer craft</td>
</tr>
<tr>
<td>J&amp;K</td>
<td>1</td>
<td>Khatumband</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>1</td>
<td>Red Sander Wood</td>
</tr>
<tr>
<td>Nagaland</td>
<td>1</td>
<td>Cane &amp; Bamboo, Wood &amp; Artistic Textiles</td>
</tr>
<tr>
<td>Mizoram</td>
<td>1</td>
<td>Cane &amp; Bamboo, Wood</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>1</td>
<td>Jute craft</td>
</tr>
</tbody>
</table>
## Challenges and constraints

Challenges faced in implementation of Raw Material banks scheme include-

1. Quality control issues (e.g. poor quality dyes) and fluctuating rates especially in the case of metals.
2. Location of the Raw Material Banks is not always close enough for the artisans to make use of them.
3. Limited availability of certain materials especially stone and wood of the kind of quality required for carving.
4. Competition from the organized sector for the same materials.
5. No capital component to set up infrastructure for the Raw Material Bank.

Difficulty in meeting the target set under AHVY of increasing the raw material corpus by 10% in terms of quantity to receive the IIInd instalment of the grant.

### 4.11 Infrastructure

Infrastructure has been narrowly defined in the context of the AHVY Scheme, being largely CFC-centric. Further, the off-take of infrastructure projects has been low. There has been a greater demand for the soft components vis-à-vis hard components in the sanctioned AHVY Clusters, with greater expenditure on the soft components - design, skill etc. It may be noted that most Clusters sanctioned under AHVY are small and have limited capacity for infrastructure projects, which is evident in the fact that only 100 CFCs have been sanctioned in over 1200 clusters. On the other hand, the infrastructure needs of the mid and large sized Clusters have not addressed as the allocation is insufficient.
There is need to broad-base the definition of infrastructure in the AHVY Scheme to include production infrastructure, forward & backward linkages as well as any other critical infrastructure gaps that may be present in the Clusters. There should be need based infrastructure in a well-defined Zone / cluster that should be to be finalized only after conducting a feasibility study.

4.12 Technology

A significant challenge facing the Indian Handicrafts sector has been the dependence on obsolete technology. Traditional technology is often unsuitable when goods are produced for an export market or organized domestic retail markets which require large volumes of items of consistent quality within a short period of time. There are several craft products that have not taken off as export items despite strong design and aesthetic appeal largely due to the lack of technology to meet requirements of standardization, uniform quality and scale.

India is considered to have enormous potential in the field of wood carving and wood based crafts but the lack of knowledge and technology available in competing Thailand and Indonesia to sculpt the basic shapes while economizing the use of expensive hard wood has led to the lass of immense market opportunities. The scenario remains the same in the case of other craft categories like metal crafts, natural fibre based crafts and textiles based crafts. Most South East Asian countries like Vietnam, Philippines, Indonesia, Thailand have leveraged the use of technology and undertaken innovative automation of traditional tools to drive the growth of their handicrafts sector.

The classic dilemma with respect to the use of technology in the handicrafts sector has been its adverse impact on the employment due to the labour displacement effect of mechanization. However it is imperative to use technology to effectively compete and gain market share in current global economic scenario. A distinction can be broadly made between new technology which is capital deepening (raises the ratio of capital to labour) and that which is widening (increases the range of product or varies improves the output but does not replace labour by capital). It is critical to source established capital widening technology from overseas and provide a framework for local adaption of the technology to the major craft categories.

*Technology mapping of the major handicrafts clusters*
The technology requirements throughout the production process vary across craft categories. While some crafts require higher investments in equipment that needs to be provided through common facility centers, many of them require power tools as kits for individual artisans. A mapping of the technology requirement for the major handicraft clusters in India is as follows:

Table 4-3: Technology mapping of major handicraft clusters in India

<table>
<thead>
<tr>
<th>Craft Category</th>
<th>Clusters</th>
<th>Technology Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art/metal-ware</td>
<td>Moradabad, Sambhal, Aligarh, Jodhpur, Jaipur, Barmer, Delhi, Rewari, Thanjavur, Chennai, Mandap, Bidar, Jagadhari, Jaisalmer</td>
<td>Die casting, moulding furnaces, ventilation systems, electroplating, engraving, embossing, polishing, lacquering,</td>
</tr>
<tr>
<td>Wooden Artwares</td>
<td>Saharanpur, Nagina, Jaipur, Jodhpur, Barmer, Hoshiarpur, Srinagar, Amritsar, Jagdalpur, Bangalore, Mysore, Chennapatan, Chennai, Mandap, Behrampur, Ahmedabad, Rajkot</td>
<td>Seasoning plants, electric sawa, sanders, drill machines, lacquering and polishing machines</td>
</tr>
<tr>
<td>Hand printed Textiles</td>
<td>Jaipur, Barmer, Bagru, Sanganer, Jodhpur, Bhuj, Farkukhabad &amp; Amroha</td>
<td>Wooden handblock preparation, screen preparation, fabric processing, cabinet dyeing facilities, finishing and effluent treatment</td>
</tr>
<tr>
<td>Embroidered goods</td>
<td>Barmer, Jodhpur, Jaipur, Jaisalmer, Kutch, Ahmedabad, Lucknow, Agra, Amritsar, Kullu, Dharmshala-Chamba &amp; Srinagar, Narsapur</td>
<td>Garmenting machines, washing, drying, and finishing machines</td>
</tr>
<tr>
<td>Marble &amp; Soft Stone Crafts</td>
<td>Agra, Chennai, Bastar, Jodhpur, Bhubaneswar</td>
<td>Lathe machines, sanding machines, buffing machines</td>
</tr>
<tr>
<td>Paper Mache crafts</td>
<td>Jammu &amp; Kashmir, Jaipur</td>
<td>Grinder, polishing machine, pneumatic lacquering tools</td>
</tr>
<tr>
<td>Terracotta</td>
<td>Rajasthan, Chennai, Bastar, Bareilly, Jaipur, &amp; Barmer</td>
<td>Electric potters wheels, temperature controlled kilns, casting unit, glazing units</td>
</tr>
<tr>
<td>Zari &amp; Zari Goods</td>
<td>Surat, Amritsar, Agra, Varanasi</td>
<td>Zari testing machine</td>
</tr>
<tr>
<td>Imitation/Fashion Accessories</td>
<td>Delhi, Moradabad, Sambhal, Jaipur, Kohima</td>
<td>Mostly handmade</td>
</tr>
<tr>
<td>Leather Goods</td>
<td>Agra, Chennai, Kolkata, Kanpur, Kohlapur</td>
<td>Sewing arm clicking machines, post bed sewing machines, cylinder bed automatic colouring machines and spray booth</td>
</tr>
</tbody>
</table>
5 Projections for 12th plan period

In this section, the projections are being made for the 12th plan period based on the past trends as given in chapter 2.

5.1 Growth in exports

The 11th five year plan period was 2007-2012, the exports of handicrafts during 2007-08 was to the tune of Rs. 14012 cr (US$ 3481 million), the handicrafts at the end of the plan period is expected to be Rs. 12,400/- cr (US $ 2700 million). The exports have shown a drastic dip during the global economic slowdown and were reduced by around 50% during the year 2008-09. The Compounded Annual Growth Rate (CAGR) during the period 2007-08 till 2011-12 is (-) 3.00% (in Rs terms). The handicrafts exports data is being compiled on the basis of 207 HS Codes at 8 digit HS level.

The exports of handicrafts is expected to reach INR 28368 cr (approx US$ 6177 million) in case an average growth of 18% per annum is maintained during the 12th Five Year Plan period. The Compounded Annual Growth Rate (CAGR) during the period 2012-13 till 2016-17 is 18%. The percentage change is depicted in the following figure.

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs crore</th>
<th>Rs billion</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>7709</td>
<td>77.09</td>
<td>-9%</td>
</tr>
<tr>
<td>2002-03</td>
<td>9844</td>
<td>98.44</td>
<td>28%</td>
</tr>
<tr>
<td>2003-04</td>
<td>10465</td>
<td>104.65</td>
<td>6%</td>
</tr>
<tr>
<td>2004-05</td>
<td>13032</td>
<td>130.32</td>
<td>25%</td>
</tr>
<tr>
<td>2005-06</td>
<td>14527</td>
<td>145.27</td>
<td>11%</td>
</tr>
<tr>
<td>2006-07</td>
<td>17288</td>
<td>172.88</td>
<td>19%</td>
</tr>
<tr>
<td>2007-08</td>
<td>14012</td>
<td>140.12</td>
<td>-19%</td>
</tr>
<tr>
<td>2008-09</td>
<td>8183</td>
<td>81.83</td>
<td>-42%</td>
</tr>
<tr>
<td>2009-10</td>
<td>8719</td>
<td>87.19</td>
<td>7%</td>
</tr>
<tr>
<td>2010-11</td>
<td>10534</td>
<td>105.34</td>
<td>21%</td>
</tr>
<tr>
<td>2011-12</td>
<td>12400</td>
<td>124.00</td>
<td>18%</td>
</tr>
<tr>
<td>2012-13</td>
<td>14632</td>
<td>146.32</td>
<td>18%</td>
</tr>
<tr>
<td>2013-14</td>
<td>17266</td>
<td>172.66</td>
<td>18%</td>
</tr>
<tr>
<td>2014-15</td>
<td>20374</td>
<td>203.74</td>
<td>18%</td>
</tr>
</tbody>
</table>
Similarly the carpet sector is also assumed to sustain a CAGR of 18%.

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs crore</th>
<th>Rs billion</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>2590.26</td>
<td>25.90</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>2779.79</td>
<td>27.80</td>
<td>7%</td>
</tr>
<tr>
<td>2004-05</td>
<td>2583.62</td>
<td>25.84</td>
<td>-7%</td>
</tr>
<tr>
<td>2005-06</td>
<td>2749.86</td>
<td>27.50</td>
<td>6%</td>
</tr>
<tr>
<td>2006-07</td>
<td>3000.00</td>
<td>30.00</td>
<td>9%</td>
</tr>
<tr>
<td>2007-08</td>
<td>3525</td>
<td>35.25</td>
<td>17%</td>
</tr>
<tr>
<td>2008-09</td>
<td>2709</td>
<td>27.09</td>
<td>-23%</td>
</tr>
<tr>
<td>2009-10</td>
<td>2505</td>
<td>25.05</td>
<td>-8%</td>
</tr>
<tr>
<td>2010-11</td>
<td>2993</td>
<td>29.93</td>
<td>19%</td>
</tr>
<tr>
<td>2011-12</td>
<td>3531</td>
<td>35.31</td>
<td>18%</td>
</tr>
<tr>
<td>2012-13</td>
<td>4167</td>
<td>41.67</td>
<td>18%</td>
</tr>
<tr>
<td>2013-14</td>
<td>4917</td>
<td>49.17</td>
<td>18%</td>
</tr>
<tr>
<td>2014-15</td>
<td>5802</td>
<td>58.02</td>
<td>18%</td>
</tr>
<tr>
<td>2015-16</td>
<td>6847</td>
<td>68.47</td>
<td>18%</td>
</tr>
<tr>
<td>2016-17</td>
<td>8079</td>
<td>80.79</td>
<td>18%</td>
</tr>
</tbody>
</table>
5.2 Growth in production and domestic consumption

Assuming that 40% of the production for Handicrafts is consumed in domestic market and 60% is exported, the production and domestic consumption can be calculated as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Domestic Consumption</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>12,848</td>
<td>5,139</td>
<td>7709</td>
</tr>
<tr>
<td>2002-03</td>
<td>16,407</td>
<td>6,563</td>
<td>9844</td>
</tr>
<tr>
<td>2003-04</td>
<td>17,442</td>
<td>6,977</td>
<td>10465</td>
</tr>
<tr>
<td>2004-05</td>
<td>21,720</td>
<td>8,688</td>
<td>13032</td>
</tr>
<tr>
<td>2005-06</td>
<td>24,212</td>
<td>9,685</td>
<td>14527</td>
</tr>
<tr>
<td>2006-07</td>
<td>28,813</td>
<td>11,525</td>
<td>17288</td>
</tr>
<tr>
<td>2007-08</td>
<td>23,353</td>
<td>9,341</td>
<td>14012</td>
</tr>
<tr>
<td>2008-09</td>
<td>13,638</td>
<td>5,455</td>
<td>8183</td>
</tr>
<tr>
<td>2009-10</td>
<td>14,532</td>
<td>5,813</td>
<td>8719</td>
</tr>
</tbody>
</table>
Working group report on Handicrafts for the 12th Five Year Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Domestic Consumption</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>17,557</td>
<td>7,023</td>
<td>10534</td>
</tr>
<tr>
<td>2011-12</td>
<td>20,667</td>
<td>8,267</td>
<td>12400</td>
</tr>
<tr>
<td>2012-13</td>
<td>24,387</td>
<td>9,755</td>
<td>14632</td>
</tr>
<tr>
<td>2013-14</td>
<td>28,776</td>
<td>11,511</td>
<td>17266</td>
</tr>
<tr>
<td>2014-15</td>
<td>33,956</td>
<td>13,582</td>
<td>20374</td>
</tr>
<tr>
<td>2015-16</td>
<td>40,068</td>
<td>16,027</td>
<td>24041</td>
</tr>
<tr>
<td>2016-17</td>
<td>47,280</td>
<td>18,912</td>
<td>28368</td>
</tr>
</tbody>
</table>

Production of handicrafts

Domestic consumption of handicraft products
Working group report on Handicrafts for the 12th Five Year Plan

Domestic consumption vs exports of handicrafts

- 2008-09: 5,415
- 2009-10: 6,812
- 2010-11: 7,507
- 2011-12: 9,397
- 2012-13: 14,952
- 2013-14: 14,652
- 2014-15: 17,266
- 2015-16: 20,971
- 2016-17: 18,341
- Total: 103,888
Assuming that 10% of the production in the **carpets** is consumed in domestic market and 90% is exported, the production and domestic consumption figures are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Domestic Consumption</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>2,878</td>
<td>288</td>
<td>2590</td>
</tr>
<tr>
<td>2003-04</td>
<td>3,089</td>
<td>309</td>
<td>2780</td>
</tr>
<tr>
<td>2004-05</td>
<td>2,871</td>
<td>287</td>
<td>2584</td>
</tr>
<tr>
<td>2005-06</td>
<td>3,055</td>
<td>306</td>
<td>2750</td>
</tr>
<tr>
<td>2006-07</td>
<td>3,333</td>
<td>333</td>
<td>3000</td>
</tr>
<tr>
<td>2007-08</td>
<td>3,916</td>
<td>392</td>
<td>3525</td>
</tr>
<tr>
<td>2008-09</td>
<td>3,010</td>
<td>301</td>
<td>2709</td>
</tr>
<tr>
<td>2009-10</td>
<td>2,784</td>
<td>278</td>
<td>2505</td>
</tr>
<tr>
<td>2010-11</td>
<td>3,325</td>
<td>333</td>
<td>2993</td>
</tr>
<tr>
<td>2011-12</td>
<td>3,924</td>
<td>392</td>
<td>3531</td>
</tr>
<tr>
<td>2012-13</td>
<td>4,630</td>
<td>463</td>
<td>4167</td>
</tr>
<tr>
<td>2013-14</td>
<td>5,463</td>
<td>546</td>
<td>4917</td>
</tr>
<tr>
<td>2014-15</td>
<td>6,447</td>
<td>645</td>
<td>5802</td>
</tr>
<tr>
<td>2015-16</td>
<td>7,607</td>
<td>761</td>
<td>6847</td>
</tr>
<tr>
<td>2016-17</td>
<td>8,977</td>
<td>898</td>
<td>8079</td>
</tr>
</tbody>
</table>

The graphical representation is as follows:
5.3 Growth in employment

The current employment as in 2010-11 is 6.7 million; however, the number of individuals to be employed with sector by 2016-17 is estimated to be 12.29 million. The CAGR during the period 2012-13 till 2016-17 is assumed @10%.
5.4 Credit requirement for 12th plan period

**Characteristics of loans availed by handicrafts artisans**

The kind of loans availed by artisans in this sector have some distinguishing characteristics which must be understood to frame the appropriate credit facilitation schemes. The loans are generally for smaller amounts, with the average loan requirement being estimated at around Rs. 0.15 lakh for one artisan. This low level of credit requirement may be attributed to traditional/home based or small scale of operations, short operating cycles, supply of raw materials by a master craftsman or other agency etc. Of course, this varies as per the craft practiced.

**Table 5-1: Estimated credit requirement by category of craft**

<table>
<thead>
<tr>
<th>Craft/ Trade</th>
<th>Working Capital</th>
<th>Block Capital</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embroidery</td>
<td>0.05</td>
<td>0.1</td>
<td>0.15</td>
</tr>
<tr>
<td>Patch Work</td>
<td>0.05</td>
<td>0.05</td>
<td>0.1</td>
</tr>
<tr>
<td>Moti/Bead Work</td>
<td>0.05</td>
<td>0</td>
<td>0.05</td>
</tr>
<tr>
<td>Bamboo</td>
<td>0.1</td>
<td>0.05</td>
<td>0.15</td>
</tr>
<tr>
<td>Leather</td>
<td>1</td>
<td>0.65</td>
<td>1.65</td>
</tr>
<tr>
<td>Weaving</td>
<td>0.5</td>
<td>0.2</td>
<td>0.7</td>
</tr>
<tr>
<td>Carpet/Dhurry weaving</td>
<td>0.25</td>
<td>0.25</td>
<td>0.5</td>
</tr>
<tr>
<td>Natural fibre crafts (Banana and palm leaves)</td>
<td>0.05</td>
<td>0.15</td>
<td>0.2</td>
</tr>
<tr>
<td>Bell Metal</td>
<td>0.2</td>
<td>0.8</td>
<td>1</td>
</tr>
<tr>
<td>Blue Pottery</td>
<td>0.25</td>
<td>0.3</td>
<td>0.55</td>
</tr>
<tr>
<td>Tie and Dye</td>
<td>0.1</td>
<td>0.25</td>
<td>0.35</td>
</tr>
<tr>
<td>Block Printing</td>
<td>0.75</td>
<td>0.1</td>
<td>0.85</td>
</tr>
<tr>
<td>Terracotta</td>
<td>0.25</td>
<td>0.1</td>
<td>0.35</td>
</tr>
<tr>
<td>Zari Zardozi</td>
<td>0.1</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Stone Carving</td>
<td>0.25</td>
<td>0.2</td>
<td>0.45</td>
</tr>
<tr>
<td>Wood Craft</td>
<td>0.25</td>
<td>0.25</td>
<td>0.5</td>
</tr>
<tr>
<td>Pottery</td>
<td>0.4</td>
<td>0.05</td>
<td>0.45</td>
</tr>
<tr>
<td>Jute Work</td>
<td>0.25</td>
<td>0.15</td>
<td>0.4</td>
</tr>
<tr>
<td>Glass ware</td>
<td>1.6</td>
<td>0.3</td>
<td>1.9</td>
</tr>
<tr>
<td>Wrought Iron</td>
<td>0.65</td>
<td>0.1</td>
<td>0.75</td>
</tr>
</tbody>
</table>

*Source: NABARD Consultancy Services report on the study for Assessment and development of financing models for Handicrafts Artisans*
Another characteristic feature of borrowings by artisans is credit for short durations. This is primarily due to the short production cycle— one month to six months of most crafts. Another contributing factor for this could be that many artisans sell their products at local markets or haats which are often held on a weekly or bi-monthly basis.

In the context of loans for work-sheds, normally, artisans need about 200 to 500 sq.ft of area to operate in (apart from space needed for drying), and tend to utilize part of their dwelling as a work-shed. Further, majority of artisans prefer job work/wage employment over self owned enterprise, as critical aspects of raw material sourcing and marketing of finished goods is taken care of by master craftsmen.

In most cases, artisans have low demand for block capital as they tend to use traditional tools and equipment. On the other hand, the demand for working capital is very high as artisans prefer to buy raw materials in bulk, to insulate themselves from market risks and shortages. Most artisans also avail loans for purposes other than production, such as the consumption needs.

**Macro estimation of aggregate credit requirement for the sector**

The EPCH (Export Promotion Council for Handicrafts) estimates that by the end of 11th Five Year Plan handicrafts exports will be Rs. 12,400/- crores (US $ 2700 million). Taking exports at approximately 50% of total production and using an estimate of Rs. 25,000 crores as the production volume for the handicraft sector for the coming year, the following assumptions can be made about credit requirement of the sector-

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Production</td>
<td>25000</td>
<td>26250</td>
<td>27562.5</td>
<td>28940.625</td>
<td>30387.656</td>
</tr>
<tr>
<td>2. Capital Investment (40% of 1.)</td>
<td>10000</td>
<td>10500</td>
<td>11025</td>
<td>11576.25</td>
<td>12155.063</td>
</tr>
<tr>
<td>3. Credit Requirement (60% of 2.)</td>
<td>6000</td>
<td>6300</td>
<td>6615</td>
<td>6945.75</td>
<td>7293.0375</td>
</tr>
<tr>
<td>4. Fixed Capital (20% of 3.)</td>
<td>1200</td>
<td>1260</td>
<td>1323</td>
<td>1389.15</td>
<td>1458.6075</td>
</tr>
<tr>
<td>5. Working Capital (80% of 3.)</td>
<td>4800</td>
<td>5040</td>
<td>5292</td>
<td>5556.6</td>
<td>5834.43</td>
</tr>
</tbody>
</table>

The above table indicates projected estimates of yearly credit requirement for the handicraft sector for the next 5 years, taking an annual growth rate of 5%. The total working capital credit requirement for the sector works out to be 5000-6000 Rs. crores.
5.5 Estimation of Raw Material requirement

There are 32 major craft categories using diverse types of raw materials used. While most of the natural resource based raw materials are locally available, over the years the reserves have been depleting largely due to lack of sustainable utilization. Further, in order to improve the cost competitiveness, it is imperative to undertake bulk procurement of good quality and certified inputs. The Raw Material Bank scheme under AHVY largely caters to this need. Hence the need for setting up Raw Material Banks is felt across all major clusters.

The following table illustrates the specific inputs used in various craft categories-

<table>
<thead>
<tr>
<th>Craft Category</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Metal ware</td>
<td>Metal sheets, bars, coils, wires and scrap metal, paints, primer, varnish</td>
</tr>
<tr>
<td>Wood ware</td>
<td>Wood (sheesham, mango wood, teak, poplar etc.), paint and laquer</td>
</tr>
<tr>
<td>Hand-printed textiles &amp; scarves</td>
<td>Yarn, starch, bleach, dyes</td>
</tr>
<tr>
<td>Embroidered &amp; crochet goods</td>
<td>Yarn (cotton, untwisted silk etc.)</td>
</tr>
<tr>
<td>Shawls &amp; Artwares</td>
<td>Woollen and silk yarn</td>
</tr>
<tr>
<td>Zari &amp; zari goods</td>
<td>Zari</td>
</tr>
<tr>
<td>Imitation jewellery</td>
<td>German silver alloy, semi-precious stones, beads, string</td>
</tr>
<tr>
<td>Misc. handicrafts</td>
<td>Leather, natural fibre, stone, dyes, colour, glass, clay</td>
</tr>
</tbody>
</table>

In order to estimate the total raw material requirement of the sector, the EPCH projection of export volumes is used. Assuming exports to be approximately 50% of total production we can take an estimate of Rs. 25,000 crores as the production volume for the handicraft sector.

Assuming that about 30% of the total production can be attributed to raw material cost, the estimated annual raw material requirement works out to be Rs. 7500 crores. The break-up of this requirement by category of craft is derived as follows-
<table>
<thead>
<tr>
<th>Craft Category</th>
<th>Percentage Share in Total Exports (%)</th>
<th>Estimated Annual raw Material Requirement (Rs. Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art Metal ware</td>
<td>22</td>
<td>1650</td>
</tr>
<tr>
<td>Wood ware</td>
<td>8</td>
<td>600</td>
</tr>
<tr>
<td>Hand-printed textiles &amp; scarves</td>
<td>14</td>
<td>1050</td>
</tr>
<tr>
<td>Embroidered &amp; crochet goods</td>
<td>36</td>
<td>2700</td>
</tr>
<tr>
<td>Shawls &amp; Artware</td>
<td>1</td>
<td>75</td>
</tr>
<tr>
<td>Zari &amp; zari goods</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>Imitation jewellery</td>
<td>2</td>
<td>150</td>
</tr>
<tr>
<td>Misc. handicrafts</td>
<td>15</td>
<td>1125</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>7500</strong></td>
</tr>
</tbody>
</table>
Working group report on Handicrafts for the 12th Five Year Plan
6 Vision and strategy for the 12th plan period

Handicraft is not any ordinary business for us in India; it is an expression of our priceless cultural heritage. The need of the hour is to build sustainable business for Handicrafts, to follow an egalitarian and sustainable business model which will adequately remunerate the craftsmen and provide them a dignified life. The approach has to be to treat this sector as a sub-set of the knowledge economy. It is perhaps the only production activity in which the knowledge and skills are used to create a tangible physical asset at the origin.

The handicraft enterprises are the most ideal for an economy like ours: low capital use, high employment intensity and a wide geographical dispersal. It is a business that can generate huge employment with minimal use of capital.

There are many problems plaguing the industry. The three main ones are finance, marketing and technology. Operationally the biggest structural problem with this trade is the merger of finance and sales. Those who buy the products are the one who also finance it. The two have to be separated. This will give the artisan a better price discovery mechanism as also greater flexibility in selling. Otherwise he is like a bonded labourer as he is forced to sell to those who finance his production as well as livelihood.

There hasn’t been any technological intervention in the sector. The artisans are still replicating and copying old designs while the handicraft industries in other countries especially China etc are thriving on the latest designs and use of software technology. There are two types of technological interventions that need to be made: soft technology like design and branding and hard technology like physical infrastructure which will improve efficiency. There is need to upgrade the present infrastructure and induce scientific interventions into the sector to make it more viable.

The Indian handicraft sector is also lacking in branding. The branding of any product is essential to compete in the global market. The exports of Indian Handicrafts appears to be sizeable in numbers, but the share in the world market is less than 2% despite huge production base at every nook and corner of the country.

In view of the above discussion it is evident that the handicraft sector needs to be developed in an environment which nurtures enterprise, promote the concept of business
management and costing, enhancing production and productivity through availability of infrastructure and technology, focuses on marketing and branding and provides access to credit. To achieve sustainable growth and development of handicraft sector in the country, there is need to focus on overall development.

Therefore the vision for the Handicrafts sector for the 12th FYP is articulated as follows:

“To create a globally competitive Handicrafts Sector and provide sustainable livelihood opportunities to the artisans through innovative products designs, improvement in product quality, introduction of modern technology and preserving traditions.”

The strategy to achieve this vision is as follows:

1. **Product development and production:** The product development strategy focuses on developing demand-driven products based on market requirements. The strategy builds upon already existing skills and cultural heritage, coupled with inputs from new designers, training in core business areas, horizontal and vertical linkages, ensuring access to raw materials and the fostering of entrepreneurship. The core of this strategy lies in the successful implementation of the design development, compliance, quality control and capacity building components that have been introduced in the schemes. Also the success of raw material banks component in its revised form will impact the overall production base.

2. **Marketing and compliance:** The overall marketing strategy focuses on the steps needed to enhance the marketing efforts of the sector to capture a larger market share, and to seize the opportunities associated with the expanding tourism and corporate investments being made. One of the key areas entwined at each step in this strategy are addressing the compliance issues, so that the products are acceptable internationally. The marketing strategy focuses on identification of the most appropriate market niches, ensuring quality and standardization of products, ensuring proper market access, branding, and marketing of the products efficiently. Sales of handicrafts continue to be confronted by obstacles in meeting the quantity, quality, and cost demands of different segments of the market. For producers to be able to take advantage of new economic opportunities and capture new market
segments they need assistance in expanding their production capacity, in upgrading the quality of their products to the standards demanded by buyers, and in overcoming the many obstacles they face in meeting the requirements of the targeted markets.

3. **Infrastructure Development:** This strategy seeks to respond to the main challenge faced in the availability of infrastructure and latest technologies in the sector and suggests solutions to these challenges by ensured focused interventions. A new scheme of 'Infrastructure and Technology Development' will be critical in filling the institutional gaps in the sector.

4. **Livelihood and working environment:** The strategy for livelihood and working environment bases itself on providing social security to the artisans and their families. It also makes provisions for financial/policy support and the necessary regulatory framework that fosters the development of viable entities which enable artisans micro enterprises (individually and collectively). Provisions have also been made for supply of tools and technologies, designs and marketing at the grass root level through the cluster approach.

Special advocacy efforts will be made to avail benefits for housing and other schemes related to the living and working conditions which are floated by other government ministries. This includes the special focus on Ministry of Rural development.

Our endeavour in the 12th five year plan is to create an environment in which sector (and consequently, those associated with them) can prosper and flourish.
Working group report on Handicrafts for the 12th Five Year Plan
7 Proposed modifications to the existing schemes

The chapter presents the proposed modifications to the existing plan schemes which have been finalized based on the recommendations of the sub-groups.

The modifications made in the existing schemes can be classified broadly into four categories, and the justification for these changes is as follows:

- **Increase in the financial allocations**: This modification has been made in all components of all schemes. All members of the sub-groups had unanimously demanded for this change owing to the inflation observed in the markets. It is essential to align the schemes to the current market trends to make them sustainable for the future.

- **Modifications to the eligibility criteria and number of participants in some scheme components**: This change has been made in view of (a) performance of the components in the previous financial year, (b) the challenges faced by the DC (H) staff and implementing partners in implementation of the components e.g. ensuring the requisite number of participants in fairs and exhibitions, lack of availability of requisite land for urban haats etc and (c) feedback received from DC (H) offices.

- **Repositioning of infrastructure components from the schemes**: All infrastructure components have been clubbed under the new ‘Infrastructure and Technology development scheme’. This ensures focused approach to development of infrastructure which is the most important need of the handicraft sector today.

- **Renaming some of the scheme components to reflect the true nature of the activities being undertaken in the component and remove complexity**.

**Important note:**

- All components given in the scheme can be implemented departmentally also by the offices of DC(H) at any point in time.
- The word ‘Artisans’ will also include carpet weavers
- Where ever EPCH is mentioned in the eligibility clause, CEPC is also eligible or visa-versa.
- State Governments shall be duly informed about the different schemes and also regular interactions will be held with the State Government officials.
7.1 Babasaheb Ambedker Hastshilp Vikas Yojna (AHVY)

7.1.1 Recommendations for restructuring of existing AHVY scheme

An increase in the current budgetary provision is proposed as follows to account for inflation and cost escalations in order to meet the current and future five year needs of the clusters:

- The budget of Rs 20,000 per artisan is revised to Rs 30,000 per artisan for 5 years.
- Wage compensation to the cluster manager to be increased from RS. 2,756, to a minimum of 7,000-10,000 per month.
- Amount sanctioned per tool kit to be increased from RS. 5,000 to 10,000/-
- For Integrated Design Projects, wage compensation to artisans should be minimum Rs 10000/- for entire project period @ 100/- per day for 100 working days.
- For exhibitions provision of TA /DA for all participating artisans also, and not just for demonstrators

The scheme should identify different types of clusters based on the size of the cluster and number of artisans, with the funding being allocated according to the Cluster type. Clusters may be categorized as (a) Small local clusters with up to 500 artisans (Tier I), (b) Medium Clusters with 500 to 3000 artisans to be promoted on the ‘one village - one product’ model (Tier II); and (c) Export oriented clusters having more than 3000 artisans (Tier III).

There is a need to make a paradigm shift from allocation based scheme to demand driven scheme. All projects must be sanctioned based on a DPR, which should be prepared in consultation with major cluster stakeholders. Budgetary provision should be made to engage a professional agency for preparation of DPR

For the integrated and inclusive development of handicraft product, the leads may be taken from the Model of “One Craft One Village” on the pattern of South East Asian Countries. Some clusters may be developed on this model based on the local conditions.
Greater emphasis on proper Base Line survey and mobilization of artisans. The time period of the survey should be increased to a minimum of 6 months from 3 months.

A strong marketing strategy is necessary for sustainability of the cluster. In view of that, there needs to be greater focus on the marketing strategy as well as quality control.

The process for selection/empanelment of designers should be revised and made more objective so that qualified and efficient designers can be selected to prepare customer oriented and marketable designs.

There is a need to broaden the implementation arrangements by increasing participation of private sector, allowing & promoting consortiums, and engaging experienced national level organizations for implementation of certain interventions such as Design Development, Entrepreneurship Development etc for improved outcomes.

Two types of trainings should be allowed in the clusters. These are (a) Basic Training and (b) Advance Training. Basic training will be for new craft persons and advance training will be for old and skilled craftpersons. Financial parameters of both the training may remain same. Honorarium to artisans may be increased to Rs 100/day.

Under the Design Workshops, the prototypes developed are often not in line with the current market demand and trends. There is a need for reorientation in terms of concept, market research and functional operation as well as facilitate create a digitized design bank with detailed specifications and prototypes to ensure improved access.

Functionality and sustainability certification for clusters is required from District Collector.

### 7.1.2 Implementation model for cluster development

The AHVY was launched during the 10th Five Year Plan as the flagship scheme of the DC Handicrafts for the integrated development of the Handicrafts clusters in the country, with the SHGs of artisans forming the core building blocks of the program. The scheme is holistic in nature comprising if components including Social Interventions, capacity building, technological interventions, marketing, credit and raw material and infrastructure.
interventions. In the past two plan periods, the scheme has been implemented in 1237 clusters, covering 443173 artisans organized into 30278 SHGs with a total assistance of Rs 193 crores excluding the FY 2011-12.

Several evaluation studies have shown that while the scheme is relatively successful in mobilizing the rural poor artisans SHGs and undertaking their capacity building and skill development in a process-intensive manner, the overall implementation of the scheme in the country over the last ten years throws up a mixed picture. Based on discussions with stakeholders in sub-group meetings and consultations with domain/sectoral experts, and based on the reviews of various schemes carried out by independent agencies, it is proposed to restructure and modify the existing AHVY scheme and have a more focused approach towards infrastructure development. The salient features of the major recommendations are as follows:

**Classification of Clusters:**

It is proposed to classify the major handicrafts cluster into three categories based on the number of artisans, cluster turnover and its importance in the local economy. These are as follows:

- **Tier I Clusters:** These are smaller handicrafts clusters that have an artisan population of up to 500 artisans located within 50 kms radius. The focus will be on promoting employment and strengthening the livelihoods of the artisans in the cluster.

- **Tier II Clusters:** These are medium sized clusters with 500 – 3000 artisans. The core focus will be to promote the enterprise base in the cluster and develop them on the One Village one Product Model.

- **Tier III Clusters:** These are large handicrafts clusters with over 3000 artisans. These are major handicrafts export hubs, cluster of clusters, and growth centre’s where the focus will be to address the critical gaps in infrastructure and technology to build their competitive capacity.

**Combination of Hard and Soft Components:**

The cluster development schemes will be a judicious combination of hard and soft components with the percentage of infrastructure cost as a part of the total project cost rising with the scale and size of the cluster. The in above three category of clusters it is envisaged that the proportion of infrastructure cost will change in the following ratio:
## 7.1.3 Proposed modifications in the existing scheme components

It is proposed to suitably restructure the flagship cluster development scheme of the Office of the DC Handicrafts to ensure better focus keeping the integrated approach to cluster development intact. The scheme will be implemented in complementarily with the new scheme proposed scheme for infrastructure development. A few new components have been introduced to strengthen the existing components and unit costs have been revised in line with the prevailing cost escalations and adjusted for inflation.

<table>
<thead>
<tr>
<th>Existing components</th>
<th>Proposed modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part I: Social interventions</strong></td>
<td>Component renamed as “Social interventions and Extension Support”</td>
</tr>
</tbody>
</table>
| **1** Diagnostic survey and formulation of project plan & community empowerment for mobilization of artisans into Self Help Groups (SHGs) | • Financial Assistance will be provided to the tune of Rs 600 for the number of persons to be surveyed in the form of grant in aid subject to max of 300 artisans  
• An additional assistance of Rs 300 per artisan will be provided for those cluster having more than 300 artisans subject to the maximum of Rs 2.5 lakh per cluster |
| **2** Issue of identity cards | • The component has been shifted to Handicraft Artisans Comprehensive Welfare Scheme |
| **3** Institution Building | • This is a new component that has been introduced in order to promote formation and registration of artisan owned institutions like producer Companies / registered artisan federation  
• A financial assistance of Rs 1.35 lakh per institution will be provided |
<p>| <strong>Part II: Technological interventions</strong> | |
| <strong>1</strong> Development and supply of | • The scheme will be renamed as |</p>
<table>
<thead>
<tr>
<th>Existing components</th>
<th>Proposed modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>improved modern tools</td>
<td>‘Development and supply of tools’</td>
</tr>
<tr>
<td>• The objective is to improve the productivity of the craftsmen and their income, there is need to develop standardized tools for each major craft and facilitate their access to artisans</td>
<td>• The objective is to develop standardized tools (including safety equipments) for each major craft and facilitate their access to artisans in order to improve the productivity of the craftsmen and their income.</td>
</tr>
<tr>
<td>• Financial assistance to the tune of RS. 5000/- per tool kit. The pattern of assistance is 100% grant in advance</td>
<td>• Financial assistance to the tune of Rs 10000/- per tool kit. The pattern of assistance is 100% grant in advance</td>
</tr>
<tr>
<td>• A set of improved tool kit to each artisan based on the craft practiced.</td>
<td>• A set of improved tool kit to each artisan based on the craft practiced.</td>
</tr>
<tr>
<td></td>
<td>• Solar lanterns will also be eligible for distribution to the artisans under this component</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th>Design and technical development workshops</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Financial ceiling of max Rs 1.8 lakh and duration of workshop is 15 days with minimum 30 artisans participating per workshop</td>
<td>• The total financial ceiling is maximum of Rs 3 lakh</td>
</tr>
<tr>
<td></td>
<td>• Duration of workshop is extended to 21 days</td>
</tr>
<tr>
<td></td>
<td>• No of participants per workshop:30 artisans minimum</td>
</tr>
<tr>
<td></td>
<td>• A set of 15 prototypes developed, enhanced skill of artisans, awareness of new design, techniques &amp; Tools.</td>
</tr>
<tr>
<td></td>
<td>• Documentation report containing details of cluster, craft, tools, prototypes etc</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3</th>
<th>Integrated and technical development project</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Duration of design project was upto 6 months</td>
<td>• Duration of project will remain at 6 months out of which 2 months will be dedicated to market survey, intelligence gathering and and 4 months will be utilized for the training purposes</td>
</tr>
<tr>
<td></td>
<td>• To allow master craftsmen to be associated with designers in survey/identification of improved tools, gadgets, dies etc for mass production</td>
</tr>
<tr>
<td></td>
<td>• A set of prototypes developed by the participants should be displayed by the Implementing Agencies in any of the exhibitions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4a)</th>
<th>Training for handicrafts other than carpets</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Max financial ceiling is of Rs. 1.81 lakh for training of handicraft</td>
<td>• The two components have been merged and will be collectively termed as ‘Training for handicrafts’</td>
</tr>
<tr>
<td>• Duration of training is upto 4 months maximum</td>
<td>• The Objective is to increase production base and upgrade the skill of artisans in the clusters.</td>
</tr>
<tr>
<td>• No of trainees is 20 artisans per instructor for handicrafts</td>
<td>• Max financial ceiling is of Rs 3 lakh for training of handicraft</td>
</tr>
<tr>
<td></td>
<td>• Duration of training is upto 4 months</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4b)</th>
<th>Training for handicrafts other than carpets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Existing components</td>
<td>Proposed modifications</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td><strong>Training for carpets</strong></td>
<td>maximum</td>
</tr>
<tr>
<td>• Max financial ceiling is of Rs. 5.75 lakh out of which 64,000 is the share of the IA</td>
<td>• No of trainees is 20 artisans per instructor for handicrafts</td>
</tr>
<tr>
<td>• Duration of training is upto 6 months maximum</td>
<td>• The training will be undertaken for carpet and allied activities</td>
</tr>
<tr>
<td>• No of trainees is 40 artisans</td>
<td>• Extent of government assistance available is 100% and funds will be released in 2 installments i.e. 50% advance and balance as reimbursement</td>
</tr>
<tr>
<td></td>
<td>• The budget will be determined as per the number of trainees subject to a maximum number of 40 trainees</td>
</tr>
</tbody>
</table>

5 **Organising seminar and symposium**

• It will be now known as ‘Organizing Seminar, symposium and awareness workshops’

• The objective is to organize interactive sessions of different nature to focus on policy issues/problems, sharing experiences of different clusters to improve system efficiency through problem solving and the experience sharing as a part of learning experience

• In case of NGO/implementation partners 50% in advance and rest by reimbursement and in departmental activity 100% in advance

6 Technological status and need based study with provision for need based research

The component remains same as in the previous plan period.

**Part III: Marketing interventions**

1 **Organising exhibitions**

The changes will be the same as per the changes proposed in MSS Scheme

2 **Publicity and marketing**

• For domestic Publicity & Marketing maximum limit of printing of 5000 copies of catalogues, 10000 copies each of brochures & folders, 5000 copies of Maps on crafts will be Rs 10 lakh, Rs 7 lakh, Rs 5 lakh and Rs 10 lakh respectively

• Publicity and e-commerce using IT related medium through website, catalogue, TV and Internet ads, shows on the internet, publicity, banner on the home pages of websites, making of CD-ROM etc 100% assistance would be available to implementing agencies, subject to a limit of Rs 15 lakh.

3 **Marketing assistance through setting up of emporia**

The changes will be the same as per the changes proposed in MSS Scheme
### Existing components

| 4 a) | Market assessment and product study tour for the artisans/ stakeholders |
| 4 b) | Study cum exposure tour |

### Proposed modifications

- They will be collectively known as Market Assessment and Product Study cum Exposure Tour For the Artisans/ Stakeholders
- The objective is to understand market in terms of design, product utility etc in order to ensure enhanced market penetration and higher economic gain to the artisans and to provide exposure to the best practices, prevailing through field visit in India and abroad with a view to adopt and learn them for promotion and development of this sector and capacity building.
- The amount will be reimbursed as per actual, subject to max financial cap of Rs6 lakh
- Deliverables are enhanced knowledge in product relevance, market and innovations transfers or best practices transfer by mutual learning

### Establishment of warehousing facility and common workshed

- No changes have been proposed

### Entrepreneurship development programme

- The financial assistance to the tune of Rs 2.5 lakh will be provided per batch of training consisting of 20 artisans
- Implementing agency will select professional agencies empanelled by the DC(H) for carrying out the EDP

### Part IV: Financial interventions

#### 1 Margin money support

- The objective is to assist the artisans federations at the cluster level to avail loan/ assistance from banks and financial institute and thus improve their corpus to improve their existing business level
- Association/ Federations of SHGs at the cluster level, entities like SPV/ company registered under sec 25 of company act, cooperatives etc are eligible
- The assistance of Rs. 4000/- per artisan of the SHGs with a maximum ceiling of RS. 5 lakh per cluster

#### 2 Wage compensation to cluster

- An amount of Rs 12000/-for one cluster
### Existing components

<table>
<thead>
<tr>
<th>Proposed modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>manager per month for 60 months and payment will be made year to year on reimbursement basis</td>
</tr>
</tbody>
</table>

3. Service charges to implementing agencies
- MOU to be signed between implementing agency and O/o DC(H) before release of funds

4. Engagement of expert/consultants/institutions, etc for providing need based assistance including guiding and monitoring
- It will be now known as Engagement of Expert/Consultant/Institutions etc for concurrent evaluation

5. Credit guarantee scheme for handicrafts artisans
- The component has been shifted to Handicraft Artisans Comprehensive Welfare Scheme

### Part V: Cluster specific interventions

1. Establishment of craft based resource centre
- The component has been shifted to infrastructure scheme

2. Setting up – e-kiosk
- Govt of India would provide a onetime grant of Rs. 3.5 lakh per e-kiosk to designated agency for procurement of software, hardware and recurring expenditure for administrative expenses
- Govt joint ventures, societies, Trusts, NGOs, Consortiums, Federations have experience in this type of work are eligible
- Govt of India would provide a onetime grant of Rs 5 lakh per e-kiosk to designated agency for procurement of software, hardware and recurring expenditure for administrative expenses
- 75% of the grant will be for procurement of hardware and 25% for administrative expenses

3. Setting up raw material bank
- The component has been shifted to infrastructure scheme
- While the major raw material scheme, the component has been shifted to infrastructure scheme, a revised provision for a mini raw material bank in the cluster will be provided for with a financial ceiling of Rs 50 lakh.

4. Setting up common facility centre
- No changes have been proposed in the CFC.
- Common production cum training centres are proposed to be introduced for introducing structured working environment in the handicrafts sector.
- This component will have a maximum limit of Rs 40 lakh

5. Setting up of facility centres by exporters/entrepreneurs
- The component has been shifted to infrastructure scheme
- The financial ceiling is of max Rs. 60 lakh
- The financial pattern would be
7.1.4 Implementation Framework

7.1.4.1 Coverage

- Selection of Cluster Category: A project seeking funding under this scheme shall select the specific cluster category and confirm to the board paradigms.

- Interventions: The interventions, proposed to be taken up under the project, may include all or one of the components indicated under above. However, it shall be the endeavour of the project proponents to identify and include as many interventions as possible that would address critical constraints being faced in the cluster.

7.1.4.2 Eligible Implementing Agencies

- Reputed NGOs, Cooperatives, Apex cooperative societies, Trusts.

- Reputed Organizations’ - COHANDS, EPCH, CEPC, MHSC, IICT, NCDPD, NIFT, NID, University Deptt., DRDA, NISIET, EDIs,

- Central/ State Handloom and Handicrafts, Development Corporations and other related, Govt. Corporations/ agencies promoted by State Government or Financial Institutions.

- Federation of NGOs/ SHGs Consortium, Associations/Federations/Consortium of entrepreneurs, Designers, Exporters.

- Reputed National Level Organizations with experience in cluster development and implementation of cluster projects in the Handicrafts sector.

- Organizations registered under proper statute of State / Central govt., for sustainable development of identified craft clusters.

7.1.4.3 The Role of the Implementing Agency

- Prepare the Detailed Project Report covering the technical, financial, institutional and O&M aspects of the projects.
Raise rest of project cost (balance of DCH contribution) through debt/ equity

Obtaining any statutory approvals/ clearances including release of funds

Recruit suitable professionals in order to ensure that the project is executed smoothly

Implement various interventions as outlined and approved in DPR

O&M of assets created under the project by way of user services

Responsible for furnishing regular progress reports to DCH in the prescribed formats

7.1.4.4 Cluster Development Executive (CDE)

The Project Implementing Agency (PrIA) shall engage and deploy a dedicated professional team of Cluster Development Executives (CDEs) who shall be responsible for implementation of the proposed project. The CDE is critical to the success of the project and therefore, selection of such executive shall be done carefully to ensure that he/she has requisite aptitude and competency. The PrIA shall also ensure that the CDE is given adequate operational freedom and equipped with basic support to enable him to function more effectively. Availability of such CDEs is a pre-requisite for the success of the programme.

7.1.4.5 Detailed Project Report (DPR)

The PrIA who intends to take up the project shall conduct a diagnostic study to identify the major gaps in the cluster and prepare a Detailed Project Report (DPR) with specific interventions that would address the identified gaps. If a diagnostic study of the cluster has already been undertaken, PrIA would incorporate the major findings of the study into the project proposal. The DPR covering the technical, financial, institutional, market related aspects of the proposed project shall include:

- Status of the cluster
- Identification of needs / gaps
- SWOT analysis of the cluster
- Interventions needed to address the needs / gaps
- Costing and implementation aspects
- Expected outcomes and impact of the proposed interventions
Detailed Project Financials

7.1.5 Targets and benefits for the AHVY scheme

The targets and beneficiaries from the AHVY scheme are as follows:

<table>
<thead>
<tr>
<th>Components</th>
<th>Targets clusters per year</th>
<th>No of artisans per cluster</th>
<th>Beneficiary artisans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Tier I Cluster</td>
<td>100</td>
<td>500</td>
<td>50000</td>
</tr>
<tr>
<td>2 Tier II cluster</td>
<td>20</td>
<td>1000</td>
<td>20000</td>
</tr>
<tr>
<td>3 Tier III cluster</td>
<td>1</td>
<td>5000</td>
<td>5000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>75000</td>
</tr>
</tbody>
</table>

Therefore an estimated number of 3,75,000 artisans will benefit from the AHVY scheme.
7.2 Design and Technology up-gradation scheme (DTUS)

All members were of the view that the schemes must be continued as they contribute to enhancement and preservation of the handicraft skill and have the potential to reach to the artisans in all areas of the country. In the long term vision, these schemes are contributing to income and employment creation and generation of linkages to modern urban markets in India and abroad and also enhance the capacity of the artisans in respect of improved technology and access to institutes providing support services.

7.2.1 Recommendations

A book of new designs should be published every year showcasing the design talent available in the country and direct touch with the craftsmen.

The prototypes developed in the design workshops and integrated projects must be allowed to be showcased in the National Handicraft Expos and International Handicrafts Gift Fairs organised with sponsorship from DC (H). Young designers should also be sponsored to attend these marketing events.

The process of empanelment of designers at DC(H), which makes them eligible to apply for benefits under this scheme, should be evaluated. The process should be modified to ensure that genuine designers who will contribute to the development of Handicrafts sector in the long run are empanelled. It is proposed that a training program may be introduced under the ageis of NCDPD or other such institutes, and designers that have undergone this program are made eligible for registration.

The following additions/changes to the awards/recognition components are proposed under the scheme:

- Young craftperson’s award/scholarship (under 35 years of age) to encourage and give recognition to the younger generation of craftpersons. This is of great importance given that 50% of India’s population is below this age and many young persons are leaving craft practice.

- Award for visionary crafts person who has trained others in upgrading their skills or introduces technological up-gradation of processes or introduced raw material in the area of production etc.
• Evaluation process of awarding of honours like Shilp Guru’s, National Awardees etc needs to be institutionalized as process needs revamping.

• Shilp Gurus to be selected through nomination as well as through applications

• Scholarship scheme for children: It was proposed that the scheme should be extended from National Awardees & Shilp gurus to children of all craftsmen.

• The selection of children should be based on merit. The number of scholarships given out each year should be fixed.

The prototypes developed during the workshops should be displayed to traders/exporters to get feedback. It was further suggested that these prototypes may be sold at a token price so that they are not lying unused.

Special recommendation from the carpets sector is as follows:

• The Member-Exporters of CEPC may be considered for financial assistance for engaging national & international Designers so that new designs are developed continuously as per current needs of domestic and international markets. Such assistance for the Designers should include Designer’s Fee, travel, boarding & lodging. In case of International Designers, the assistance towards Boarding, Lodging and TA/DA may be in line with MEA guidelines. The Member-Exporters of CEPC will route their application through CEPC and the Member will incur all costs related with product development, its processing and finishing including cost towards raw materials and any intermediaries. The CEPC will also ensure that in the design prototype development stage, the Member-Exporters will engage master craft persons, preferably from the pass outs of schools run by CEPC and the Member may provide them further employment during the bulk production stage. One set of design prototypes developed and documentation of the entire process, in hard & soft copy will be output submitted to Government by the Exporter/Entrepreneur. It is proposed that in the case of Entrepreneur the assistance may be Rs. 3.00 lacs for national designers and in case of exporters the assistance may be Rs. 6.00 lacs for international designers. The assistance may be released in 2 installments, 80% as advance & 20% as reimbursement to the entrepreneurs/designers.
7.2.2 Proposed modifications in the existing scheme components

Summary indicating the proposed changes/ modifications vis'-a-vis' the components in the existing scheme of DTUS is presented as below:

<table>
<thead>
<tr>
<th>Existing components</th>
<th>Proposed components</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Financial assistance to Central Government sponsored institutions</td>
<td>The component has been restricted to the extent of facilitating liability to institutions established during the previous plan viz, BCDI, NCDPD, IICT, EPCH, Craft Development Institutes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2</strong> Skill up-gradation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Departmental activities of regional design and technical development centers</td>
<td>Renamed as ‘Departmental activities of regional design &amp; technical development centers, MSEC and Regional offices’</td>
</tr>
<tr>
<td>b) Assistance for training to trainers</td>
<td>Assistance upto INR 2 lakh shall be sanctioned per training</td>
</tr>
<tr>
<td>c) Assistance to Ship Gurus (Heritage Masters)</td>
<td>Award money of INR 5 lakh per ship guru for creation of five masterpiece In addition, award money of INR 2 lakh for Ship Guru</td>
</tr>
</tbody>
</table>

| **3** Financial assistance for development and supply of modern improved tools, equipment and process technologies | Renamed as ‘Financial assistance for development and supply/ dissemination of tools, safety equipment and process technologies’ The scheme would be implemented through RD&TDCs and reputed NGOs. The distribution of toolkits developed by such institutions will be encouraged amongst craftsperson. The assistance will be upto INR 10,000/- per kit per person depending on the craft practiced |

<table>
<thead>
<tr>
<th><strong>4</strong> Assistance for design and technology up-gradation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Design and Technology Development Workshop</td>
<td>The total financial ceiling is maximum of INR 3 lakh Duration of workshop is extended to 21 days A maximum of 30 participants per workshop are ensured A set of 15 prototypes developed, enhanced skill of artisans, awareness of new design, techniques &amp; tools.</td>
</tr>
<tr>
<td>b) Integrated design and technology development project</td>
<td>Duration of project is retained at 6 months with the following break-up- 3 months for design development 1 month for preliminary survey and exhibit and 2 months of market testing and refinement of the</td>
</tr>
<tr>
<td>Existing components</td>
<td>Proposed components</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Product and batch production</td>
<td></td>
</tr>
<tr>
<td>• A set of prototypes developed by the participants should be displayed by the Implementing Agencies in any of the exhibitions</td>
<td></td>
</tr>
</tbody>
</table>

5 Documentation, preservation and revival of rare and languishing acts

• The component has been shifted to Research and Development Scheme

6 National Award for outstanding contribution in Handicrafts sector

• Renamed as National award & Shilp Guru award for outstanding contribution in Handicrafts sector
  • INR 2 lakh for Shilp Guru, INR 1 lakh for National award and INR 50,000/- for merit certificates
  • National award and national merit certificate will be awarded to a craftsperson only once in a lifetime
  • Scholarship to children of national awardees will also be provided to study in reputed art, craft or design institute.

7 Financial assistance for institutions to be set up under State Initiatives

• Shifted to Infrastructure scheme

| a) State initiative Design Centers | Shifted to Infrastructure scheme |
| b) Handicrafts museum | Shifted to Infrastructure scheme |
| c) Setting up of Design Bank | No change |

Source: Scheme of Office of the Office of the Development Commissioner (Handicrafts), MoT, GOI

7.2.3 Proposed new components

7.2.3.1 Digitisation of design developed during the design workshops

The increasing popularity of mechanized products available at cheaper prices has impacted the sales of handmade products in domestic as well international markets. These coupled with the crippling internal weaknesses of lack of innovation in design, languishing crafts and limited reach of design/product/capacity enhancement programs has created a great demand for information about designs available to wider audience.

Realizing this emerging need of the sector, this new component has been proposed that will endeavour to digitize all the designs which are developed during workshops. Further it is envisaged that the original designs and patterns that are randomly disappearing into
oblivion will also be digitized and archived to preserve our great heritage. The key aspects of this scheme are:

**Objectives**: The proposed objectives of the scheme are

- To create a repository of new designs developed during workshops and ensure accessibility
- To create and maintain a repository of original designs and patterns that are randomly disappearing into oblivion

**Eligibility**: NCDPD, EPCH, CoHANDS, CEPC etc

### 7.2.3.2 Designs, trends, and color forecast services

Design and Product Development are the two major constraints, which if addressed in totality can provide a facelift to entire handicraft sector. Today Design Development is internationally recognized as a force for improving the man-made environment. Design is a creative activity whose aim is to determine the physical form of objects, systems and environment at every level of production and marketing. There is an urgent need to the develop the innovative designs, as per the buyers requirement, use improved technology, tools and equipment for the manufacturing of quality handicrafts and hence enhance the exports of handicrafts from country.

Indian Handicraft sector is facing stiff competition from the neighboring countries viz. China, Vietnam, Indonesia, Philippines etc. These countries have strengthened their design and products and are working as sourcing hubs for the western world. Many SE Asian countries also have laid major emphasis on these two areas in the recent past and are witnessing an upward trend of growth in the handicraft and gift sector.

In view of above background and needs & requirement of the overseas buyers about the new designs & trends, it is proposed to undertake a project for the in-depth analysis of the new design, trends & forecast. The proposed research and development project would intend to help the entire Indian handicrafts sector especially artisans / craftsmen, manufacturers & exporters about the new designs, trends & forecast. The key aspects of this scheme are:

**Objectives**: The proposed objectives of the scheme is to increase the knowledge of the entire handicrafts sector about the new design trends & colour forecasts so as to increase the exports from the country by increasing the new design led products
**Eligibility:** NCDPD, EPCH, CoHANDS, CEPC etc.
7.2.4 Targets and benefits for the Design and Technology up-gradation scheme

The targets to be achieved by the scheme are fixed at two levels. At the first level, the physical targets have been decided and are provided in a tabular format. Thereafter, based on the physical targets, estimations for the benefit to the scheme are provided.

The number of events to be organised each year under the scheme are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Unit</th>
<th>Yearly targets</th>
<th>No of beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial assistance to central government sponsored institutions.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>2 School Programs</td>
<td>No of programs</td>
<td>60.00</td>
<td>6000</td>
</tr>
<tr>
<td>3 Assistance for training to trainers</td>
<td>No of programs</td>
<td>10.00</td>
<td>500</td>
</tr>
<tr>
<td>4 Financial assistance supply/ dissemination of tools, equipment and process technologies</td>
<td>No of toolkits</td>
<td>10000.00</td>
<td>10000</td>
</tr>
<tr>
<td>5 Assistance for Design and Technology Up-gradation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Design and technology development workshop</td>
<td>no of workshops</td>
<td>230.00</td>
<td>6900</td>
</tr>
<tr>
<td>b Integrated design and technology development project</td>
<td>no of projects</td>
<td>40.00</td>
<td>2000</td>
</tr>
<tr>
<td>6 National Award &amp; Shilp Guru Award for outstanding contribution in Handicrafts sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a National Award</td>
<td>No of awardees</td>
<td>20.00</td>
<td>100</td>
</tr>
<tr>
<td>b Shilp Guru Award</td>
<td>No of awardees</td>
<td>10.00</td>
<td>50</td>
</tr>
<tr>
<td>c Assistance to Shilp Gurus</td>
<td>No of awardees</td>
<td>10.00</td>
<td>50</td>
</tr>
<tr>
<td>d Merit Certificates</td>
<td>No of awardees</td>
<td>20.00</td>
<td>100</td>
</tr>
<tr>
<td>7 Product development</td>
<td>No of organisations</td>
<td>25.00</td>
<td>N.A.</td>
</tr>
<tr>
<td>8 Digitization of designs developed during the design workshops</td>
<td>No of designs</td>
<td>200</td>
<td>N.A.</td>
</tr>
<tr>
<td>9 Commercial market intelligence by way of design, trend and technical colour forecast</td>
<td>Every quarter</td>
<td>4</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

The estimated overall benefits of the scheme are as follows:

1. Total number of beneficiaries from the DTUS scheme is estimated at 1.3 lakh (25700*5).
2. No of designs to be developed and distributed during 12th FYP are estimated at **2500**.

3. Approximately **1.6 lakh**\(^1\) **trained manpower** will be added to the Handicrafts sector per year leading to an increase in employment.

4. These trained manpower are the addition to employable youth in the sector.

5. If each trained artisan on an average contributes 2 L worth of products to the market then the increase in production can be estimated @ 160000*2 = **3,20,000 Lakh**.

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\(^1\) Assuming one trainer will equip 50 artisans per year after receiving assistance under component 3 of DTUS scheme. In additions are the 6700 artisans/designers trained under component 5(a). Therefore total per year = 7000+25000 = 32000. Therefore 5 year figure is 32000*5=160000.
7.3 Marketing Supply and Services Scheme (MSS)

In the various sub-group meetings, it was realized that the Marketing Support and Services Scheme is among the most important schemes and that it should be continued with little modifications. The scheme provides assistance to project the Indian handicrafts brand in domestic as well as international markets. Concerted marketing and publicity efforts lead to higher brand recall and hence more revenue generation. This scheme provides a platform for showcasing the Indian handicrafts brand abroad by creating awareness in existing as well as new markets.

The suggested strategy for quantum jump in exports during 12th Plan is

Focus product,
Focus market and
Focus brand

7.3.1 Recommendations

Domestic Marketing

It has been observed that the sale of handicrafts in the domestic market has increased lately fuelled by growing disposable incomes of people. Many handicraft companies are contemplating a sizeable chunk of their future revenues to come from domestic sales. Hence, there is a need to focus on domestic marketing to tap this avenue of revenue generation. This can be done through adoption of the following suggestions:

- Introduce a national level event on the lines of National Handlooms Expo to ensure more visibility of the sector.
- Organize reverse buyers and sellers meets in clusters. Detailed documentation of each event and dissemination of the same may be ensured
- Initiate new consumer awareness scheme for domestic markets.
- Well managed, authorized kiosks/ shops at museums, airports, hotels, railways stations, metros etc. may be supported.
- Introduce a new component for artisans wherein they can tie up with big retail chains and display their products.
Initiate an incentive/promotional scheme for retailers for stocking hand made products in their retail stores/ chains.

Explore possibilities for including handicraft products into the local value chain.

Make provision of hiring expert event management companies to organize the marketing events.

“Artisans Day” may be celebrated throughout the country and can be supported by means of proper marketing and promotion.

The necessary improvements suggested in the existing domestic marketing component of the MSS scheme are:

- Exhibitions budget may be raised from existing INR 2.20 lakh to INR 5.00 lakh.
- Craft bazaars/melas to be planned well in advance to ensure participation and avoid repetitive locations/participants. Provision may be made for the separate toilet facilities for women participants in the melas.
- Proper advertisements/campaigns to be organized to create awareness.
- Arrangements for fire station and police post should be ensured at venue.
- Restriction of 150 persons for craft mela may be relaxed. Organizations having 40 to 50 persons may also be allowed to participate.
- TA may be given to all artisans participating in fairs and exhibitions on actual basis.
- Artisans participating in crafts bazaars may not be allowed to take part in sourcing show at the same time.
- Marketing infrastructure sub-component to be shifted to a separate scheme to ensure focus.

International Marketing

A major part of revenues of the industry comes from the export of handicrafts to various destinations. However, the industry has been experiencing a fall in the export since FY 2008-09. The overall share of handicrafts in total exports from India has fallen from 1.24% in FY 2008-09 to 1.03% in FY 2009-10. To take care of this fall, international marketing needs further attention. The necessary improvements suggested in the existing international marketing component of the MSS scheme are:

- Budgetary provisions under each head have to be modified to meet the current...
market trends.

Budget for overseas exhibitions should also account for currency change and interpreter cost along with the cost of contributing factor in the respective countries.

The scheme may be made more flexible by adding a +25% provision to the existing overseas exhibition budget.

Provisions for setting up of warehouses abroad for use by Indian exporters may be considered.

Special focus on the development of products to meet the export market requirements.

Taxation may be minimized to make the handicraft products competitive enough in the international market. Anti dumping measures may be taken wherever necessary.

7.3.2 Proposed modifications in the existing scheme components

Based on the recommendations of various sub-groups and deliberations of the stakeholders certain modifications and new components have been introduced in the Marketing Services Scheme. Certain components such as marketing infrastructure has been shifted under New Scheme of Infrastructure Development and various policy and advocacy level support will be provided through Research and Development Scheme.

<table>
<thead>
<tr>
<th>Table 7-1: Proposed modifications in the MSS scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing component</strong></td>
</tr>
<tr>
<td><strong>A. Marketing Event</strong></td>
</tr>
</tbody>
</table>
| 1. Craft Bazaar | • Gandhi Shilp Bazaar/ Occasion Specific Bazaar/ Thematic Craft Bazaar will be covered under single category of **Gandhi Shilp bazaar**
• Funding will be based on class of towns:
  - A - INR 18 lakh
  - B – INR 16 lakh
  - C - INR 14 lakh
• A minimum of 60 and maximum of 100 stalls can be put in the bazaar.
• TA will be paid to all participating artisans on actual with limit of INR 1,500 per artisan
  | • Funding would be provided for INR 2.2 lakh
  | • Minimum of 10 and maximum of 50 can participate in exhibitions for a period of 5 -7days
<p>| • Funding will be based on class of towns with class |</p>
<table>
<thead>
<tr>
<th>Existing component</th>
<th>Proposed modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>per event.</td>
<td>A getting INR 9 lakh, class B getting INR 8 lakh and class C getting INR 7 lakh</td>
</tr>
<tr>
<td>- Minimum 15 artisans (11 for sale, 4 for demonstration) can participate for period of 7-10 days</td>
<td>- For exhibitions 80% of the funds will be borne by the O/o the DC(H) and 20% by the state agencies/ implementing agencies and in NER 90% will be borne by the O/o the DC(H) and 10% by the state agencies/ implementing agencies</td>
</tr>
<tr>
<td>- For exhibitions 75% of the funds will be borne by the O/o the DC(H) and 25% by the state Govt/ implementing agencies</td>
<td>- TA will be paid to all participating artisans on actual with limit of INR 1,500 per artisan or fare of sleeper class whichever is less.</td>
</tr>
</tbody>
</table>

3. **Sourcing Show**
   - This component has been discontinued

4. **Hiring of built up space in established important events organized by other organizations**
   - The rent/ cost of the space being acquired will be met by the office of DC (Handicrafts) on actual basis from other charge head
   - The financial assistance will be provided on actuals upto a max. of INR 500,000/- ( @10,000 per stall)

5. **Service charges for implementing agencies organizing marketing events**
   - 2% of total admissible expenditure subject to max of INR 25,000/- towards service charges will be paid to the implementing agency organizing events
   - The amount of total admissible service charges (maximum) raised from INR 25,000/- to upto INR 50,000/-

6. **Insurance cover for artisans participating in marketing events**
   - No changes have been proposed

7. **C. Marketing Services – Field offices of DC (H)**
   - Moved to separate scheme of Infrastructure

7. **National level marketing Workshop**
   - Financial ceiling raised to INR 20 lakh
   - Financial ceiling of INR 15 Lakh

8. **State level marketing workshop**
   - Financial ceiling raised to INR 3 lakh
   - Financial ceiling of INR 2 Lakh

9. **Local level marketing workshop**
   - Financial ceiling raised to INR 1 lakh
   - Financial ceiling of INR
### Existing component | Proposed modifications
--- | ---
0.5 Lakh |  

**D. International marketing**

**10. Workshop and training programme in packaging and in export procedures/ management**
- The financial assistance will be up to a max of INR 1.5 lakh per programme  
- Renamed as *Awareness Programme on Issues of International Marketing*
- Financial assistance increased to INR 2 lakh per programme  
- Duration of programme should be of minimum 1-2 days

**11. Craft exchange programme**
- It will be known as *International Craft Exposure Programme*
- It will have three components  
- Bilateral as well as unilateral exchange will be allowed.
- Long term training - Under this scheme trainer/artisan is trained in technology and modern craft to train either in India/abroad  
- Financial assistance – as per actual.

**12. Workshop/ seminar in India and abroad**
- EPCH, CEPC, Central/ State Handicrafts Corporations  
- It will be now known as *Workshop/ seminar/ international symposium/ programmes in India and Abroad*
- MHSC, EPCH, CEPC, NCDPD, IICT, TPOs, COHANDS, Central/ State Handicraft Corporations and NGO’s with experience in Int. Marketing shall be eligible under this component  
- The financial assistance for this component is based on actual, subject to max of INR 75 lakh

**13. International Marketing Events**

**14. Participation in international fairs and exhibition abroad**
- Financial ceiling of INR 30 lakh per event  
- The finance capping for the component shall be INR 50 lakh  
- Eligibility- In addition to existing criteria, the registered exporters shall also be benefited under this component.

**15. Stand alone shows/ road shows, etc**
- Max 50 lakh per event and will cover expense on space rent, interior decoration, display structure, electricity, water, directory entry etc  
- It will be now known as *Folk Craft Festival of India/ Stand Alone Shows/ road shows etc*
- The funding pattern for road shows/ catalogues/ shows/ thematic shows/ stand alone shows will be maximum INR 1 crore per event

**16. Reverse buyers sellers meet**
- Financial assistance to the tune of INR 35 lakh as max limit per 90:10 event will be permissible towards domestic/ international print as well as electronic publicity of the international fairs/ BSMs, space rent, etc  
- Diversification of the component into  
  - *Buyers Sellers Meet (India)*  
  - *Buyers Sellers Meet (Abroad)*
- Financial assistance to the tune of INR 2 crore as max limit will be permissible towards *Buyers Sellers Meet (India)* & INR 1 crore towards *Buyers Sellers Meet (abroad)* subject to share of fund in ratio by O/o DC(H) and host organizations
- CEPC and EPCH, Central Corporations, State Corporations/NCDPD, CoHANDS, MHSC and TPOs
<table>
<thead>
<tr>
<th>Existing component</th>
<th>Proposed modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>17. Cultural exchange programme</strong></td>
<td>• No changes have been proposed</td>
</tr>
</tbody>
</table>

**18. Market studies abroad**
- EPCH/ CEPC/ Exporters Association/ Chamber of Commerce/ IICT/ NCDPD/ Institution like IIFT, etc. are eligible.
- The financial assistance is considered for TA/ DA for up to 4 members, their boarding/lodging, desk research, collection of sample in India & abroad subject to a ceiling of INR 15 lakh per event
- Agencies like EPCH/ CEPC/ TPOs/ IICT/ NCDPD/ Institution like IIFT, Indian Embassies, etc will be eligible
- The financial assistance is considered for TA/ DA for up to 5 persons, their boarding/ lodging, desk research/ collection of sample in India & abroad, procurement of product catalogue, tools and implements, international studies including technology, documentation/ report writing etc subject to a ceiling of Rs 20 lakh per event

**E. Social and other welfare measures**
- Renamed as ‘Compliance, Social and other Welfare Measures’
- Compilation of product specific common compliance code for use in International market and assist them in attaining standardized certification
- To create awareness about compliance among exporters/artisans/Manufacturers and assist them to meet the compliance request
- Legal fees for contesting cases
- To take safeguards against issues like countervailing duties.
- Any initiatives including labelling initiative to counter problems arising out of national and international laws and regulations and standard in the areas of environmental and social factors in exports
- Conducting studies. Suggested topics are:
  - enforcement/welfare measures for eradication of child labour
  - promote education opportunities for future
  - promote occupational health and safety issues
  - Environment issues
- Any other measures including welfare measures to resolve labour related or other social problems being faced by Handicrafts exporters

**F. Publicity**
- The component is divided into two parts
  - Publicity (India)
  - Publicity (Abroad)
- Under overseas publicity through media, TV ads and internet advertisement are allowed on case to case basis
- Publicity and e-commerce using IT related medium through website, catalogue, TV and Internet ads, shows on the internet, publicity, banner on the home pages of websites, making of CD-ROM etc 75:25 basis assistance would be available to implementing
Working group report on Handicrafts for the 12th Five Year Plan

### Existing component

<table>
<thead>
<tr>
<th>Proposed modifications</th>
<th>Financial ceiling (INR lakh)</th>
<th>No. of copies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Catalogues</strong></td>
<td>6.00</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Brochures</strong></td>
<td>4.50</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Folders</strong></td>
<td>3.00</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Maps of Crafts</strong></td>
<td>6.00</td>
<td>5,000</td>
</tr>
</tbody>
</table>

7.3.3 New components proposed in the MSS scheme

7.3.3.1 Special thematic marketing events

It has been observed in the past that the events organized to publicize the handicraft products with a focus on a specific product or on a particular cluster have attracted more number of buyers. Going by this trend, a new component is proposed which will be specific to the theme based marketing events.

The event shall be organized with a view to market the products to the exporters as well as foreign buyers. The products displayed in the event shall be sourced from the registered artisans directly.

**Objectives:**

- To promote the cluster as a whole or a specific product range such as leather products or Firozabad glass cluster.
- To focus on a target group of customers only dealing in those products.
- To provide a marketing platform to the artisans associated with the craft or cluster.
- To establish a direct link between the buyers/exporters and the artisans.

**Eligibility:**
All the registered TPOs, Central/ State Handicraft Corporations, Export Promotion Councils, CoHANDS, NCDPD, registered NGOs, Tourism Development Corporations, Chambers of Commerce and Apex Cooperative Societies shall be eligible to avail funding under this scheme.

**Financial Outlay:**

- The funding shall be provided to the extent of INR 50 lakh for organizing the event. The funding will cover the expenses for space rent, display structure, interior decoration, electricity, water, publicity, insurance, TA of artisans and misc expenses.
- The funds shall be disbursed in two equal instalments. The first instalment shall be released on approval of the concept note/report by the respective body, detailing the need and fund requirement for organizing the event.
- The second instalment shall be reimbursed on submission of the performance report and its acceptance by the competent authority.

### 7.3.3.2 National Handicrafts Fair

The event will showcase the best of the Indian handicrafts in quality, design and versatility from across the country. This will act as gateway to internationally acclaimed handicraft creations from Indian artisans, manufacturers, exporters, traders, producers, etc. It is imperative to note that the current scenario in the International fairs is changing with some of the reputed fairs losing ground and some new fairs emerging.

**Objectives:**

| An exclusive fair for handicraft products in India will be organized for the benefit of new and small entrepreneurs who could not afford to participate in the International fairs due to the high cost involved in transportation and other related expenses. |

**Eligibility:**

- Minimum of 150-400 artisans/exporters/traders can participate
- The fare will be for 5-15 day period
- Financial ceiling of upto INR 2.5 crore
- 5 events in a year covering all regions of the country
- DC(H), EPCH, NCDPD, CEPC, COHANDS, State and Central corporations & TPOs
shall be eligible

**Key features:**

- An exclusive fair for ‘Handcrafted in India’ products, and will occupy a place of eminence in preserving India's heritage
- Unparalleled in its flexibility and versatility, permitting experimentation and encouraging innovation
- International level annual trade fair to be held across the four zones of the country (covering East, West, North, South) for 5 – 7 days
- Diversified participation from artisans, manufacturers, exporters, traders, NGOs, SHGs, federations/ co-operatives, etc. involved in the handicraft industry
- Activities will be mix of domestic exhibitors, overseas buyers, live demonstrations on craft processes, buyers sellers meet, fashion shows, award ceremonies, workshops/ trainings on crafts for children, etc.

**CASE STUDY 6: National Handlooms Expo**

Handloom Expo has been held every alternate year in the city ever since its initiation long back in the year 1982. The Expo acts as a major forum for the local craftsmen to showcase their wares to a large population of city locals as well as the tourists, who love to shop anything from bed sheets to clothes at the most reasonable prices. If nothing else, this fair gives them a chance to get well versed with a vast range of handloom products.

**Objective:**

To provide an opportunity to artisans to showcase their handloom products

**Key features:**

- Time: December-January, Duration: 21 days
- The participants are grouped under three broad categories, namely, state level upper society, primary society and national level organization.
- The State Government with the support of Central govt. sponsors the Expo
- There are nearly 130 participants in the fair

**7.3.3.3 Retail marketing services**

Under the domestic marketing, retail marketing services is being proposed as a component in which implementing agencies can hire a built up space in malls, stores in order to have a target audience to whom they can market the handicraft products.
The new component has been included with the vision of the changing market scenario and buyer preferences in India. The new consumer prefers, especially the people living in cities, prefers visiting and purchasing from malls rather than the local market or melas. The emergence of metros in mega-cities is also enabling the traveller an opportunity to shop on his/her way to office/home. This requires the Handicraft sector schemes to allow for modifications so as to enable them to target the new consumer.

**Objectives:**

> To provide opportunity to target a large population base through marketing as a part of retail services.

**Eligibility:**

- CEPC, EPCH, NCDPD, CEPC, Central/ State Handicraft Corporations, etc. will be eligible
- NGOs, SHGs, TPO bodies, COHANDS, EPCH, NCDPD, CEPC, etc. shall be eligible upto a max of 30 days

**Key features:**

- Includes setting up of warehouses, showrooms & managing marketing & distribution network
- Hiring of built up space in malls, stores, airports, metro stations, around temples, at one time payment
- An artisan/agency is eligible to apply for the support wherein DC(H) will contribute 60% of the rental cost for setting up a stall for a maximum of 30 days.

**Funding:** INR 1.2 lakh is permitted per applicant.

**7.3.3.4 Brand promotion**

The new component is meant to highlight Indian handicraft product as a quality product thus opening up of opportunities for boosting the sales of handicrafts in India and abroad.

The “Handcrafted in India” brand needs to be created and promoted on a large scale in both the markets; foreign as well as domestic.
The marketing of the handicraft products will be done under one single umbrella brand. All the crafts and clusters shall be covered under the said brand on the lines of “Incredible India” campaign. The details of the campaign are provided in the case study below.

The products promoted under the brand may be certified as “Handcrafted in India” by a recognized agency/ body if necessary. The certification shall deal with quality and compliance related issues currently faced by exporters/ manufacturers. It shall provide for the norms for labeling the product as handicraft product and increase consumer awareness about the distinct handicraft traditions. A small write-up/ story about the craft and cluster shall be attached along with each product, describing the historical importance of the craft, cluster and the practicing artisans.
Objectives:

- Creating a brand for the handicraft products titled “Handcrafted in India”, a name to be reckoned with quality and authentic handmade products.
- Showcasing “Handcrafted in India” brand to the global business community.
- Adopting a brand centric approach and building on the same to increase sales of handicrafts by increasing brand recall.

Key features:

Brand promotion is required to project Indian handicraft industry primarily as a quality based industry in order to further expand the market of this sector. The following shall form part of brand building:

- Brand creation on the scale of ‘Incredible India’ is envisaged under the scheme. It shall involve creation of a logo and defining the specifications.
- Comprehensive designing of large scale media campaign will be carried out to promote the brand. The campaign shall involve both digital (television, online and audio) and physical (press, billboard, in-store and street) advertising. It shall be floated across various locations within and outside India.
- Listing of “Handcrafted in India” brand shall be done in international and national magazines.
- Advertising of the brand at international and national fairs and events shall be carried out.

Funding:

This component will have funding under two separate heads (a) Domestic and (b) International. The financial assistance of maximum INR 10 crore per year shall be provided under each head.

7.3.3.5 Sales cum demonstration

Sales and demonstrations were allowed under the previous schemes along with the exhibitions or melas that were organised for the artisans. However, it was evaluated over the 11th plan period that the potential of these activities was not being adequately exploited
since they were clubbed with other activities. The dependency limited the number of these events.

Therefore it has been decided that this activity is included as a separate component in the MSS scheme. The funding for the component may be availed in isolation or in combination with another promotional activity.

**Objective:** The program objective is to provide opportunity to the artisans/eligible agencies to organise small scale events to interact with the public.

**Funding:** INR 4 lakh per event is budgeted for this activity

### 7.3.3.6 Buyer Seller meet at clusters

This component had been existing under the international marketing head and has been contributing to improving the handicraft exports. Witnessing the success of the concept in attracting international buyers, it was decided that the component will be made eligible under domestic marketing to support the products at local level.

The proposed BSM are aimed towards providing forward linkages to the local products ensuring integrated and inclusive development of the Indian handicrafts.

**Objective:** To provide marketing opportunity for the products developed locally at clusters.

**Funding:** INR 10 Lakh has been budgeted per meet
7.3.4 Targets and benefits for the MSS scheme

The targets to be achieved by the scheme are fixed at two levels. At the first level, the physical targets have been decided and are provided in a tabular format. Thereafter, based on the physical targets, estimations for the benefit to the scheme are provided.

The number of events to be organised each year under the scheme are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Unit</th>
<th>Yearly target</th>
<th>Beneficiaries per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Domestic marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A Marketing Event</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Gandhi Shilp Bazars</td>
<td>Events/ year</td>
<td>30.00</td>
<td>3000</td>
</tr>
<tr>
<td>Town Type A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Type B</td>
<td>Events/ year</td>
<td>40.00</td>
<td>4000</td>
</tr>
<tr>
<td>Town Type C</td>
<td>Events/ year</td>
<td>40.00</td>
<td>4000</td>
</tr>
<tr>
<td>2 Exhibitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Town Type A</td>
<td>Events/ year</td>
<td>30.00</td>
<td>1500</td>
</tr>
<tr>
<td>Town Type B</td>
<td>Events/ year</td>
<td>50.00</td>
<td>2500</td>
</tr>
<tr>
<td>Town Type C</td>
<td>Events/ year</td>
<td>40.00</td>
<td>2000</td>
</tr>
<tr>
<td>3 Special Thematic Marketing Events (proposed)</td>
<td>Events/ year</td>
<td>10.00</td>
<td>2000</td>
</tr>
<tr>
<td>4 Demonstration Programs(Proposed)</td>
<td>Events/ year</td>
<td>50.00</td>
<td>500</td>
</tr>
<tr>
<td>5 National Handicrafts Fair(Proposed)</td>
<td>Events/ year</td>
<td>5.00</td>
<td>2000</td>
</tr>
<tr>
<td>6 Hiring of built up space in established important events organized by other organizations</td>
<td>Events/ year</td>
<td>30.00</td>
<td>1500</td>
</tr>
<tr>
<td>B Marketing Services: Field offices of DC(H)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 National level marketing Workshop</td>
<td>Events/ year</td>
<td>1.00</td>
<td>200</td>
</tr>
<tr>
<td>2 State level marketing workshop</td>
<td>Events/ year</td>
<td>32.00</td>
<td>3200</td>
</tr>
<tr>
<td>3 Local level marketing workshop</td>
<td>Events/ year</td>
<td>62.00</td>
<td>3100</td>
</tr>
<tr>
<td>C Retail Marketing Services</td>
<td>Artisans/Year</td>
<td>100.00</td>
<td>10000</td>
</tr>
<tr>
<td>D Buyer Seller meet</td>
<td></td>
<td>6.00</td>
<td>600</td>
</tr>
<tr>
<td><strong>TOTAL (Domestic Marketing)</strong></td>
<td></td>
<td><strong>526</strong></td>
<td><strong>40100</strong></td>
</tr>
</tbody>
</table>

2 International marketing
### Component

<table>
<thead>
<tr>
<th>Component</th>
<th>Unit</th>
<th>Yearly target</th>
<th>Beneficiaries per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Programme in Export Procedures/Management and Packaging</td>
<td>Events/per year</td>
<td>50.00</td>
</tr>
<tr>
<td>B</td>
<td>International Craft Exposure Programme</td>
<td>Events/per year</td>
<td>10.00</td>
</tr>
<tr>
<td>C</td>
<td>Workshop/seminar/international symposium/programmes in India and Abroad</td>
<td>Events/per year</td>
<td>6.00</td>
</tr>
<tr>
<td>D</td>
<td>International Marketing Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Participation in international fairs and exhibition abroad</td>
<td>Participating organisations/year</td>
<td>60.00</td>
</tr>
<tr>
<td>2</td>
<td>Folk Craft Festival of India/Stand Alone Shows/road shows/Thematic shows etc</td>
<td>Events/per year</td>
<td>15.00</td>
</tr>
<tr>
<td>3</td>
<td>Buyer Seller Meet (India)</td>
<td>Events/per year</td>
<td>10.00</td>
</tr>
<tr>
<td>4</td>
<td>Buyer Seller Meet (Abroad)</td>
<td>Events/per year</td>
<td>10.00</td>
</tr>
<tr>
<td>5</td>
<td>Cultural exchange programme</td>
<td>Events/per year</td>
<td>10.00</td>
</tr>
<tr>
<td>6</td>
<td>Compliance, Social and other Welfare Measures</td>
<td>No of activities</td>
<td>50.00</td>
</tr>
<tr>
<td>7</td>
<td>Market studies abroad</td>
<td>Studies/year</td>
<td>6.00</td>
</tr>
<tr>
<td>8</td>
<td>Global Distribution and Marketing Centre (proposed)</td>
<td>Warehouse/year</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**TOTAL (International Marketing)** | 179 | 8225 |

### 3 Publicity

<table>
<thead>
<tr>
<th>Component</th>
<th>Unit</th>
<th>Yearly target</th>
<th>Beneficiaries per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Publicity and Marketing (India)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Catalogues</td>
<td>Batch of 5000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Brochures</td>
<td>Batch of 10000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Folders,</td>
<td>Batch of 10000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Maps on crafts</td>
<td>Batch of 5000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>e-commerce</td>
<td>No of activities</td>
<td>5.00</td>
</tr>
<tr>
<td>B</td>
<td>Publicity and Marketing (Abroad)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Catalogues</td>
<td>Batch of 10000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Brochures</td>
<td>Batch of 20000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Folders,</td>
<td>Batch of 20000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>Maps on crafts</td>
<td>Batch of 10000</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>e-commerce</td>
<td>Activities</td>
<td>5.00</td>
</tr>
</tbody>
</table>

**TOTAL (Publicity)** | 50 | N.A. |

The estimated overall benefits of the scheme are as follows:

1. Total number of beneficiaries from the MSS scheme during the 12th FYP is estimated at
2.5 Lakh (48325*5) artisans/exporters/entrepreneurs.

2. The financial benefits estimated from these interventions are as follows:

- **Domestic marketing:** estimated at an average benefit of 30L sales benefit per participant
  - Yearly benefit = 40100 * 30L = 12,03,000 Lakh/-
  - Sales benefits accrued to the industry in 5 years = 1203000*5 = INR 60,15,000/- Lakh = approx 60,000 cr

- **International marketing:** estimated at an average benefit of 250 Lakh exports benefit per participant
  - Yearly benefit = 8225 * 250 = 20,56,250/- Lakh
  - Sales benefits accrued to the industry in 5 years = 2056250*5 = INR 102,81,250/- Lakh = approx 102800 cr

  **Total benefits: 1,62,800 cr**

3. New markets to be entered are:

- LAC (Latin American Countries including South America & MERCOSUR Region)
- Middle East (Gulf)
- Far-East (Including China)
- CIS (Including erstwhile USSR & East Europe)
- African Region

Emergence of above new market on accounts of their economic growth, political changes, slow down in traditional markets and margins of the new markets need quick concentration by Indian handicrafts
7.4 Human Resource Development Scheme (HRD)

7.4.1 Recommendations

The suggestion to further enhance the effectiveness of the training programs being supported by the DC(H) are as follows:

- The programmes must be structured and more effective using examples of actual art schools. Guidelines should be developed which provide for syllabus/training modules, the suggested number of days of training, number and duration of sessions etc.

- The concept of participatory training may be adopted as it makes learning a fun and makes learners learn anything easily without strain.

- Publicity of training programs amongst the artisans needs to be strengthened to ensure greater participation. Each institution/designer conducting the programme, may advertise about their training activity through local print media and announcements.

- IT companies have case studies to prove that ‘Design Trainings’ through the use of computers have had exponential results irrespective of language skills. These media should be made admissible through the HRD scheme.

- Trainings need to include a study of the ergonomics of form and function of products which can be better marketed.

- External inspection team may be appointed to check the efficacy of the schemes.

- Better infrastructure should be available in the training centers like toilet, drinking water, furniture, electricity, necessary equipments and special arrangements should be made for crafts women.

- Only agencies that display demonstrable capability of market linkages, network relations with technology institutions, should be provided sanctions for such programmes; To this effect, even private enterprises, traders, export houses, etc may also be henceforth considered eligible.

- The O/o DC(H) may sponsor formulation and conducting of short-term training
courses for young designers in the areas of market trend analysis, packaging, sensitivity towards socio-religious and material cultures of local craft communities, etc.

The procedures for processing of applications for sanction of various programmes must be streamlined and more flexibility allowed in reimbursing actual expenses.

7.4.2 Proposed modifications in the existing scheme components

Summary indicating the proposed changes/ modifications vis-à-vis the components in the existing scheme of HRD is presented as below:

<table>
<thead>
<tr>
<th>Existing components</th>
<th>Proposed modifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Training through established institutions</td>
<td>• Institutes should have at least 3 yrs of experience after recognition in imparting training in carpentry, carpet weaving, block printing, etc.</td>
</tr>
<tr>
<td></td>
<td>o Long term course varying from 4 – 9 months (depending on the craft up to 4 batches per year)</td>
</tr>
<tr>
<td></td>
<td>o Short term course varying from 1 -3 months (depending on craft up to 12 batches per year)</td>
</tr>
<tr>
<td></td>
<td>• Number of trainees – 20 per batch</td>
</tr>
<tr>
<td></td>
<td>• Total cost for 5 year will be INR1.25 crore</td>
</tr>
<tr>
<td></td>
<td>• The non recurring grant to be increased to INR 55.5 lakh (including INR 2.5 lakh for promotion for five years)</td>
</tr>
<tr>
<td></td>
<td>• New activity of ‘train the trainers’ is introduced in which trainers are trained for a period of 2 months and financial cap for this component is INR 2 lakh which is given only as one time grant</td>
</tr>
<tr>
<td>2 Training in innovative designs for the persons involved in pattern making/ talim writing/ plaster/ rubber moulds/ block making, etc</td>
<td>• Renamed as ‘Handicraft training program’ with enhanced scope with all crafts and ancillary activities</td>
</tr>
<tr>
<td></td>
<td>• Batch size increased to a maximum of 20 trainees</td>
</tr>
<tr>
<td></td>
<td>• Hand holding support for multi linkage will be added with required financial assistance of INR1 lakh, hence total maximum assistance required will be INR 3.5 lakh</td>
</tr>
<tr>
<td></td>
<td>• A set of prototypes developed by the participants should also be displayed by the implementing agencies in any of the exhibitions</td>
</tr>
<tr>
<td>3 Training of artisans/ SHG leaders/ NGO in capacity building</td>
<td>• Eligible organizations are NISSET, EDI, Institute of Packaging, Institute of Management/ Export, Registered Organization Bodies, NCDPD, etc</td>
</tr>
<tr>
<td></td>
<td>• Maximum amount of INR 3 lakh will be given as financial assistance for per batch of 20 participants</td>
</tr>
<tr>
<td>5 Conducting seminars/ workshops</td>
<td>• The financial cap of this component is INR 5 lakh</td>
</tr>
<tr>
<td></td>
<td>• Reputed NGOs, Cooperatives, Apex Cooperative Societies, Trustees. Reputed Organizations – COHANDS, EPCH, CEPC,</td>
</tr>
</tbody>
</table>
## Existing components

MHSC, IICT, NCDPD, NIFT, NID, University Department, DRDA, NISIET, entrepreneurs etc

## Proposed modifications

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Training through Guru Shishya</td>
<td>• Financial assistance is directly given to Mastercrafts persons through field offices</td>
</tr>
<tr>
<td></td>
<td>Financial assistance- INR 2.12 lakh per course of 6 months having min 10 trainees</td>
<td>• INR 3 lakh per course of 6 months having min 15 trainees</td>
</tr>
</tbody>
</table>

*Source: Scheme of Office of the Office of the Development Commissioner (Handicrafts), MoT, GOI*
7.4.3 Proposed new components

7.4.3.1 Design Mentorship and Apprenticeship Program (DMAP)

The issue of sustainability of the training and design development programs has been discussed and highlighted numerous times. It has been highlighted in the scheme challenges that the designers that avail the scheme and develop prototypes with the support of artisans, take it up as a one-time/part time activity, and do not pursue it as a career option. Further it has also been sighted that the almost all qualified designers are empanelled with DC(H) without any prerequisite qualifying criteria. These designers do not come with any specific knowledge This underplays the importance of their position, role and responsibility towards the sector.

Therefore to meet the need for trained manpower in the sector, the scheme has been envisages with the following components:

**Objectives:** The objectives of the scheme are:

- To provide new designs, technology & product development to the handicraft sector
- To promote new breed of designers and merchandisers for the handicraft sector
- To provide regular design inputs to handicrafts exporting community
- To update the sector about the changing global scenario with reference to innovative designs
- To support product development and upgrade quality
- Development & supply of market driven New / Innovative Design / Product lines
- Transforming designs into products with the help of Sr. designers / merchandisers
- To establish specific integrated design development approach
- To fill up the gap in the areas of Design & Product Development - the biggest constraint in present handicraft sector.
- Adoption of new design, pattern and product development on the principle of Focused Products and Focused Markets
Eligibility: Final year/graduate/post graduate students from reputed design institutes such as NIFT, NID, Pearl Academy of Fashion, recognized schools of fine arts and Other premiere design institutes recognized by AICT / UGC / CSIR / State Govt.

7.4.4 Targets and benefits for the HRD scheme

The targets to be achieved by the scheme are fixed at two levels. At the first level, the physical targets have been decided and are provided in a tabular format. Thereafter, based on the physical targets, estimations for the benefit to the scheme are provided.

The number of events to be organised each year and the number of beneficiaries under the scheme are as follows:

<table>
<thead>
<tr>
<th>Components</th>
<th>Unit</th>
<th>Yearly targets</th>
<th>No of beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Training through established institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a Long term training program</td>
<td>No of programs</td>
<td>4</td>
<td>80</td>
</tr>
<tr>
<td>b Short term training program</td>
<td></td>
<td>12</td>
<td>240</td>
</tr>
<tr>
<td>2 Handicraft training program</td>
<td>No of programs</td>
<td>250</td>
<td>5000</td>
</tr>
<tr>
<td>3 Training of artisans/ SHG leaders/ NGO in capacity building</td>
<td>No of programs</td>
<td>500</td>
<td>10000</td>
</tr>
<tr>
<td>4 Conducting seminars/workshops</td>
<td>No of programs</td>
<td>30</td>
<td>600</td>
</tr>
<tr>
<td>5 Training through Guru Shishya Parampara</td>
<td>No of trainings</td>
<td>300</td>
<td>4500</td>
</tr>
<tr>
<td>6 Design mentorship and apprenticeship program</td>
<td>Trainees</td>
<td>10.00</td>
<td>10</td>
</tr>
</tbody>
</table>

TOTAL: 20,430

The estimated overall benefits of the HRD scheme are as follows:

1. Total number of beneficiaries from the DTUS scheme is estimated at 1 lakh (20,430*5).

2. Approximately 1 lakh trained manpower will be added to the Handicrafts sector per year leading to an increase in employment. This trained manpower are the addition to employable youth in the sector.

3. If each trained artisan on an average contributes 2 L worth of products to the market then the increase in production can be estimated @ 100,000*2 = 2,00,000 Lakh.

2 These have been estimated based on the total number of participants that are allowed per program.
7.5 Comprehensive Artisan Welfare Scheme

The comprehensive artisan welfare scheme was identified as the most beneficial scheme for the artisans because the benefits reach directly to the artisan. A few lacunas were identified in the implementation, and suggestions for improvement of effectiveness are documented under this section. At the overall level it was decided that the components under this scheme need to be strengthened further by increasing allocations, increasing the number of target beneficiaries and also new components should be introduced.

7.5.1 Recommendations

1. **Increasing the number of empanelled facilities**: It was observed that there is necessity to review position regarding the number of OPD/IPD facilities available in each State. In some states, they are highly inadequate. Urgent steps must be taken to increase the numbers. Adequate care should be taken to see that substantial number of these facilities are available with 5 km radius of the artisan’s habitat.

2. **Higher financial coverage**: Like other insurance schemes of Government of India, under RGSSBY, financial limit must be raised. This is recommended as drug prices and other medical expenses have increased significantly during the last two years.

3. **Reduction of medi-claim settlement period**: Currently, large numbers of claims remain unsettled even after three months of submission. As far as possible all medi-claims must be settled within 30 days and in exceptional cases within a maximum period of 45 days.

4. **Improve identification mechanisms**: In almost all regions, some non-artisans have been included under RGSSBY. Although the proportion is negligible, all those who have been misidentified must be out of the programme. In future, further transparency in selection and inclusion of artisans as beneficiaries should be ensured.

5. **Improving Monitoring Mechanism**: Monitoring mechanism of ICICI Lombard is not very efficient. It takes weeks to get thing verified. D-Base system used is not efficient to provide required monitoring data when urgently required. At each state level RGSSBY data are not available. They are either available at Regional or at Headquarters. This creates problems of verification. The Third Parties are also not very efficient in handling and settling claims expeditiously. DC Handicrafts should take up this matter with ICICI.
Lombard authorities.

**Improving work environment and housing**

- Given the decentralized and rural nature of artisan production, a Scheme to provide solar power facilities (ideally 9 to 18 volts) to alleviate hardship resulting from lack of electricity is essential. This could be a Centrally sponsored scheme with minimal (perhaps 10%) contribution by the crafts person.

- As women constitute 47.4% of handicraft sector employment, the issue of toilet facilities for women in the cluster needs to be taken up. This has been strongly expressed need and should be met with due financial consideration.

- Housing-cum-workshed scheme: As the very nature of crafts production is decentralized and home based, sufficient financial outlay needs to be made for this component to ensure basic living standards.

- In continuation to the initiatives for improvement of workshed, it is recommended that DC(H) should propound coalescing of work environment improvement for artisans under various schemes of other departments such as Departments of Ministry of Rural Development, etc.

**Social security and health measures**

- Fund for disaster relief in case of any act of nature/ calamity- natural or manmade. This could be envisaged as a centrally funded scheme with specified criteria and administered by the Office of the DC (H).

- Fund for special relief for artisans suffering from serious illness/ severe accidents, etc. that prevent them from continuing with their profession. As these illnesses/ accidents involve medical expenses in excess of the medical insurance that is available, this could be granted as a case-by-case relief.

- Financial outlay for regular health checkups need to be included.

- Financial outlay to institute health study of craft persons where work environment, ventilation, sanitation, ergonomics and other issues to be taken into account.

- Funds to be set up to deal with issues of artisans/ health insurance matters.

As a special welfare measure for the artisans, there is a need for insurance-cum-pension scheme as at present there is no pension scheme for the artisans. The existing non-plan scheme of ‘Financial assistance to artisans in indigent circumstances’ may be accentuated with a separate plan scheme to cover all eligible artisans under ‘Pension’ cover. Since the existing non-plan scheme is restricted only to
awardees’ artisans and that too with entry age restriction of 60 years for an insignificant pension of just INR 1000/- per month. For this the ABHAY scheme of AP may be adapted and LIC may develop a suitable insurance-cum-pension product having an inbuilt flexibility of artisans choosing the existing ABHAY or stand alone component or full new package of insurance-cum-pension product, by contributing towards the permissible annual premium/artisan share.

Any person of the age 60 years or above and having an annual income of less than INR 30,000/-, should be made eligible to get a pension of INR 2000/- per month. The scheme should be accessible to all artisans and not only National awardees, National Merit Certificate holders (NMCs) and State awardees.

**Recommendations for RGSSBY**

Certain modifications were suggested in the scheme as follows:

- Sum insured to be increased from the existing Rs.15,000/- to Rs.30,000/- and cover for critical illnesses may also be included, and coverage to the limit of INR 50000

- The OPD limit may be increased to Rs.10,000/- instead of Rs.7,500/- at present

- Replacement of existing plastic cards by Smart card technology

- Empanelled list of hospitals needs to be revised and if Government Hospitals are also empanelled this could help the artisans to get medical facilities at their doorsteps. Beneficiary contribution should be capped at Rs.30/- only

- The scheme should be on 100 percent cashless basis, thus no provision for the claims by the beneficiary artisans/their family members through reimbursement.

- Renewal of artisan’s policy may be made optional as against mandatory 80% as at present since only those artisans opt for renewal who availed the benefits in previous policies and feel that these are good

- An insurance company may be engaged for a period of 3 years as this will result in competitive price of annual premium due to economies of scale. Besides, a continued presence of one insurance company for a longer tenure will ensure consistency and continuity of service to artisans, apart from saving the cost and time that is needed for yearly tendering process as at present.

- Indicative increase in premium amount in case the proposed increase in insurance cover up to Rs.50,000 along with smart cards will be three times the current amount. It will increase from INR 750/- to INR 2000/-

- The issuance of artisan identity card shall be part of the ‘Welfare Scheme’ in 12th plan
period. Also, the time taken to issue the card should also be reduced.

The health card either 'Plastic' or 'Smart', should have all India validity i.e. across zones and across insurance service providers irrespective of resident address of the beneficiary printed on the card. This is essential because artisans visit multiple locations while participating in marketing events. Also artisans are likely to change their residence on account of marriage or other reasons.

The health card must be compatible with any future regulatory compliance that may be mandated by IRDA with regard to portability between service providers and such other compliances as would become necessary as per IRDA orders from time to time during 12th Plan.

7.5.2 Proposed modifications in the existing scheme components

<table>
<thead>
<tr>
<th>Existing components</th>
<th>Proposed components</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY)</td>
<td>• The medic claim annual limit per family and OPD should be increased to Rs 30000/- and Rs 15000/- respectively • Critical illnesses included will be Cancer, Paralysis, Myocardial infraction, Bypass Surgery, Kidney Failure, Heart Problem, Brain Surgery and Tuberculosis etc. The allowed limit for critical illnesses will be Rs. 50,000/-</td>
</tr>
<tr>
<td>• The medic claim annual limit per family and OPD is Rs 15000/- and Rs 7500/- respectively</td>
<td></td>
</tr>
<tr>
<td>2. Bima Yojana for Handicrafts Artisans (launched in 2003 – 2004)</td>
<td>• Life Insurance cover towards natural death is Rs. 30,000/- per member • For accidental death or total disability, coverage will be maximum of Rs. 75,000/- per member and in care of partial disability, coverage will be maximum of Rs. 37,500/- per member</td>
</tr>
<tr>
<td>Scheme Contents</td>
<td>Financial Assistance: • Annual premium rate per person under the policy will be Rs. 200/- • Out of the annual premium of Rs. 330/-, Rs. 100/- is borne by Life Insurance Corporation, Rs. 150/- is borne by GoI and Rs. 80/- is borne by the beneficiary.</td>
</tr>
<tr>
<td>• Life Insurance cover towards natural death is Rs. 60,000/- per member • For accidental death or total disability, coverage will be maximum of Rs. 1,50,000/- per member and in care of partial disability, coverage will be maximum of Rs. 75,000/- per member</td>
<td></td>
</tr>
<tr>
<td>Financial Assistance:</td>
<td></td>
</tr>
<tr>
<td>• Annual premium rate per person under the policy will be Rs. 330/-</td>
<td></td>
</tr>
<tr>
<td>Out of the annual premium of Rs. 330/-, Rs. 100/- is borne by Life Insurance Corporation, Rs. 150/- is borne by GoI and Rs. 80/- is borne by the beneficiary.</td>
<td></td>
</tr>
</tbody>
</table>
## Existing components

| 200/-, Rs.100/- is borne by Life Insurance Corporation, Rs. 60/- is borne by GoI and Rs. 40/- is borne by the beneficiary. |

## Proposed components

### 3. Issue of Identity Cards
- Assistance to the tune of Rs 25/- maximum per card
- This component has been shifted from AHVY

### 4. Credit Guarantee scheme for handicraft artisans
- Assistance to the tune of Rs 100/- maximum per card.
- This component has been shifted from AHVY and there is no change in the contents

### Other changes:

- Pension scheme ‘Financial assistance to artisans in indigent circumstances’ is proposed to be shifted from Non-plan to plan scheme to plan scheme.

### 7.5.3 Proposed new component

#### 7.5.3.1 Distress Relief Fund

Distress Relief Fund is a scheme to support the artisans at the time of a disaster. About 60% of the landmass is prone to earthquakes of various intensities; over 40 million hectares is prone to floods; about 8% of the total area is prone to cyclones and 68% of the area is susceptible to drought. Thousands of artisan families are affected by these calamities nad suffer physical and financial damages. Thus, the scheme is designed and introduced to enable the Office of DC(H) to manage and provide for calamity relief on their own by using the resources available with the fund constituted for that purpose.

**Objective:**

*To reduce the number of deaths, injuries and impact from disasters through the provision of timely and adequate financial support for disaster response*

**Eligibility:**

All artisans affected by natural calamities/ disasters shall eligible beneficiaries under the scheme.

**Funding:**
The contribution for the fund will be made in the form of a corpus by the office of DC(H), and would be managed by a Finance Institution. Under this scheme financial assistance is in form of grant in aid/ other charges would be provided to the families of affected artisans.
### Scheme components and admissible assistance:

<table>
<thead>
<tr>
<th>Components</th>
<th>Norms of Assistance</th>
</tr>
</thead>
</table>
| 1. Ex-Gratia payment to the families of deceased persons | Rs. 1.00 lakh per deceased  
- It would be necessary to obtain a Certificate of cause of death issued by an appropriate authority designated by the State Government certifying that the death has occurred due to a natural calamity.  
- The assistance would be provided to those artisans who are not covered in the Bima Yojna for Handicraft Artisans. |
| 2. Ex-Gratia payment for loss of a limb or eyes. | Rs. 50,000/- per person in case of partial disability.  
Rs. 75,000/- per person in case of complete disability  
- The assistance would be provided to those artisans who are not covered in the Bima Yojna for Handicraft Artisans. |
| 3. Grievous injury requiring hospitalization | Rs. 7,500 per person (grievous injury requiring hospitalization for more than a week).  
Rs. 2,500/- per person (grievous injury requiring hospitalization for less than a week). |
| 4. For replacement of damaged tools/equipment | Toolkits shall be provided to artisan families with a maximum limit of Rs. 10,000 per toolkit |
| 5. For loss of raw material/ goods in process/ finished goods | Rs. 2,000/- per artisan |
| 6. Provision of medicines, disinfectants, insecticides for prevention of outbreak of epidemics | As assessed by Development Commissioner (Handicrafts). |
| 7. Clothing and utensils/ house-hold goods for families whose houses have been washed away/ fully damaged/ severely inundated for more than a week due to a natural calamity. | Rs. 1000/- for loss of clothing per family  
Rs. 1000/- for loss of utensils/household goods per family. |

#### 7.5.3.2 Pension Scheme

Pension Scheme is proposed to support the artisans during their old age. The scheme is designed to give a boost to the handicraft sector in India. The scheme is based on a co-contribution model and provides pension in the old age and social security.
Objective

To provide for members’ pension and benefits on their retirement or for their dependants’ benefits on death before or after retirement, on a defined benefits basis

Eligibility Criteria

All artisans above the age of 25, and who have been practicing for a minimum of 5 year, will be eligible to register in the scheme and start making the monthly premium contribution.

The artisans will be eligible to receive the benefits after he turns 60.

Funding

Every enrolled artisan would contribute Rs. 30 per month (Rs. 1 per day) as premium and the DC(H) would make an equal contribution towards the premium. When a member crosses the age of 60, he will start getting the monthly pension ranging from Rs. 500 to Rs. 2000 per month depending on his/her year of enrolment and quantum of contribution. The fund would be managed by a Finance Institutions. In case of death of the subscriber, the fund would be transferred to the nominee.

It is suggested that the corpus fund available under the Govt. Of India ‘National Social Securities fund’ should be availed for funding the scheme. Details of this will be further detailed while preparing the schemewise reports.

7.5.3.3 Financial assistance for artisans in indigent circumstances

The genesis of the scheme was that when an artisan reaches the age of 60 years, his/her failing health particularly eye sight and agility of the limbs prevent him/her from maintaining the efficiency, quality and productivity of his/her craft pursuits. This leads to significant reduction in then income from the craft activity, thus leading to problems in sustainability.

Objective

To enable the awardee artisans to lead a comparatively comfortable life supplemented by the financial assistance under this scheme.
Eligibility Criteria

- All National and State Awardee artisans, NMCs and Shilp Gurus above the age of 60, and who have an annual income of less than INR 25,000 from all sources.

Funding

The monthly pension is Rs. 2000/- per month and is disbursed through Assistant Directors in the field formation of the Office of the Development Commissioner (Handicrafts). Funds are placed with the respective field officers on yearly basis and are disbursed on monthly basis to the eligible applicants.

7.5.3.4 Interest Subvention scheme

It is proposed to introduce a new scheme for facilitating credit access for handicrafts artisans, through introducing interest subventions for MFIs/NBFCs and Designated Banks (both models discussed above). It is proposed that a 5% interest subvention for artisans and 2% for the lending institutions i.e. select MFIs/NBFCs and Designated Cluster Development Branches of lead banks be introduced.

The total credit requirement for the sector is estimated at an average of Rs 6000 crores per year. The total financial outlay required for the new credit facilitation scheme, can be estimated based on the following model-

- About 50% of this requirement is addressed by the formal sources of credit, which leaves an un-met credit requirement of Rs. 2500 crores for DCH to address.
- An interest subvention of 5% is provided for artisans.
- The working capital interest subvention has been worked out based on 3 cycles per year of 4 months each.
- An incentive in the form of 2% service charge is provided to the lending institutions.

The financial outlay is estimated @ INR 250 cr (average) per year.

The scheme was appreciated by the sub-group. However, in view of the overall budget and schemes envisaged for DC(H), it was proposed that this scheme would be tested at a pilot basis. Further it was decided that an allocation of INR 100 cr. would be made for the pilot project.
7.5.4 Beneficiaries from the Comprehensive Artisan Welfare scheme

<table>
<thead>
<tr>
<th>S. No</th>
<th>Schemes</th>
<th>No of beneficiaries per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rajiv Gandhi Shilpi Swasthya Bima Yojana (RSSBY)</td>
<td>1500000</td>
</tr>
<tr>
<td>2</td>
<td>Janshree Bima Yojana (JBY)</td>
<td>500000</td>
</tr>
<tr>
<td>3</td>
<td>ID Card</td>
<td>500000</td>
</tr>
<tr>
<td>4</td>
<td>Credit Guarantee Scheme</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Pension scheme</td>
<td>500000</td>
</tr>
<tr>
<td>7</td>
<td>Financial assistance to artisans in indigenous circumstances</td>
<td>50.00</td>
</tr>
<tr>
<td>8</td>
<td>Interest subvention</td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL:</td>
<td>30,00,050</td>
</tr>
</tbody>
</table>

In five years an estimated number of 150 Lakh artisans will benefit from this scheme.
7.6 Research and Development Scheme (R&D)

At the overall level the R&D scheme has been funding studies on various subjects and the initiative needs to be continued. The most important observation of the sub-group was that the findings of the research studies funded under this scheme need to be made available to a wider audience and ways and means have to be developed for making use of the findings.

7.6.1 Recommendations

Some suggestions from the subgroup are as follows:

- Regular studies to be commissioned for gathering market intelligence on saleable designs and trends.
- Support for environmental review of craft processes and corrective measures should be made a part of existing schemes.
- Research to be funded in the form of reviews of selected crafts processes to ascertain environmental impact; and research into low-cost solutions and changes in production processes needed to mitigate adverse impact where it exists.
- Research into altering production processes to minimize adverse health impacts and raising awareness amongst crafts producer communities about basic safety practices can lead to a substantial positive impact in health outcomes.
- Special focus should be given to funding studies on languishing crafts, especially compilation of statistics and mapping of these crafts in various parts of the country. Special benefits/ incentives should be devised to increase the number of participating artisans for these crafts.
- Various areas of research that are proposed to be the focus for the next 5 years are:
  - Environment impacts of craft processes and compliance
  - Occupational health and safety issues
  - Low cost tools and equipments
  - Regulatory compliance issues
  - Geographic Indication
7.6.2 Proposed modifications in the existing scheme components

The Research and Development Scheme remains fairly unchanged with certain new studies being made eligible under the survey and studies component (provided in italic) and one component has been proposed in the existing scheme. The scheme details are as follows:

A. Survey, studies, documentation and publications

1. Surveys/studies/publication/documentation of specific crafts for which adequate information is not available.
2. Problems relating to availability of raw material, technology, design, common facilities, etc.
3. Living and working conditions of artisans in specific areas of crafts
4. Research studies on emerging issues of environmental issues, occupational health and safety.
5. Market intelligence and evaluation studies of specific crafts for either domestic or overseas markets.
6. Techno-economic feasibility studies and post evaluation of the various promotional projects programmes undertaken in the handicrafts sector
7. Areas requiring special study for uplift of the weaker sections viz. scheduled castes and scheduled tribes
8. Financial assistance for preparation of legal, para legal, standards, audits and other documentation leading to labeling/certification
9. Financial assistance to organizations for evolving, developing a mechanism for protecting crafts, design, heritage, historical knowledge base, research and implementation of the same enabling the sector/segment to face challenges for utilizing the opportunities of post WTO regime
10. Financial assistance for taking up problems/issues relating to brand building and promotion of Indian Handicrafts.
11. Any other problems like conducting of workshops/seminars/issues of specific nature relating to handicrafts sector

B. Conducting all India Census of handicraft artisans – up-dation of figures on year to year basis
C. Registration of crafts under Geographical Indication Act & Financial support for certification of raw materials and products
D. Assisting handicrafts exporters in adoption of GSI global identification standards and for bar coding, including handicrafts mark for generic products

7.6.3 Proposed new component

7.6.3.1 Documentation, Preservation and Revival of Rare and Languishing Craft (repositioned from Design and Technology Upgradation Scheme)

**Objective:** To preserve the craft, which have cultural and economic importance and shall be implemented through the measures like survey, documentation of craft process, training, design and technical development, sample production, marketing through exhibitions and publicity

**Eligibility:** State /Central Handicrafts Corporations, Apex Cooperative Societies, Voluntary Agencies, Institutions like NID, NIFT & other such organizations having knowledge about craft concerned are eligible for seeking the financial assistance

**Funding pattern:** An amount of upto INR 6 lakh

**Mode of payment:** Funds would be released in four instalments, components wise subject to the need

7.6.4 Targets and benefits for the R&D scheme

The physical targets for the R&D scheme are as follows:

<table>
<thead>
<tr>
<th>Components</th>
<th>Unit</th>
<th>Yearly targets</th>
<th>Target in 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>-</td>
<td>50</td>
<td>250</td>
</tr>
<tr>
<td>B</td>
<td>Districts</td>
<td>20%</td>
<td>Complete</td>
</tr>
<tr>
<td>C</td>
<td>Crafts registration</td>
<td>15</td>
<td>75</td>
</tr>
<tr>
<td>D</td>
<td>Certifications</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>E</td>
<td>Exporters</td>
<td>20</td>
<td>100</td>
</tr>
</tbody>
</table>

**TOTAL:**
Since the R&D scheme focuses on enhancing the knowledge sources of the industry, the benefits are not quantifiable. However, this scheme contributes indirectly and is essential for the sustainability of the sector.
8 Addressing the special focus areas in the 12th plan

Various important issues were highlighted during the discussions of the subgroups. The key challenges faced in each of these areas have been presented previously in chapter 4 of this report. The concerns raised by the subgroup members have been addressed through the modified DC(H) schemes as proposed in chapter 8. However, the recommendations under each area are separately summarised in the following chapter to ensure clarity in understanding.

8.1 Women, Minority and SC/ST communities

The schemes of the handicraft sector are neither caste, sex, religion centric nor area/region specific. These are implemented across the country to cover all segments of artisanal population without any discrimination.

As per latest census conducted by the National Council for Applied Economic Research (NCAER) the artisanal population was 74.17 lakh in which 24.7% are SC, 2.3% are ST and 47.4% are female.

The various initiatives taken by the office of DC (Handicrafts) have benefited all sections of the country in an equitable manner. The percentage of artisans belonging to SC/ST Minority and Women categories benefitted through various developmental schemes implemented by the office of the DC (Handicrafts) in 11th Plan. It is evident that even though schemes have not been made specific to these categories, yet the intended benefits of the scheme have been derived by the artisans belonging to these categories consistent with the government policies. As discussed earlier, since the schemes in the handicrafts sector are not specific to these categories, the statistical data maintained is also generic in nature.

It is to note that while making recommendations on Handicrafts in the previous Five year Plans, no separate Sub Plans for these categories were attempted by the Sub-Groups. However while formulating Annual Plans, a provision for 10% for Women, 15% for SC and 7.5% for ST is being kept apart. But a formal monitoring mechanism does not exist to measure the actual flow of plan funds to the beneficiaries belonging to these categories.
As far as sub plan for Women artisans is concerned, a special mention about the same has already been incorporated in recommendations of the sub-group under the “Gender Issues”.

On account of wide diversity of the crafts, its nationwide spread particularly in remote areas and the inter dependence of different segments in pursuing the craft activity, it is not possible to carve out schemes specific to particular community or religion or location or sex. This is further vouched by the fact that in most craft families the combination of work force includes mother & son, father & daughter, husband & wife who belongs to a combination of categories like general, SC, ST, OBC, Minority etc.

To illustrate the point, consider the example of Moradabad Metal ware Export Cluster. This Cluster alone contributes to about 40% of the export in the metal ware category. The human chain involved from the raw material stage to the stage of export shipment, constitutes various people including artisans who belong to a different caste/sex segments.

Therefore, segregating this human chain merely on the basis of caste and sex will not only break the chain but will also tantamount to discrimination on the part of Government in extending certain benefits under the developmental programmes. Moreover, the existing system of seamless delivery of craft related outputs through the homogeneous group of artisans is well accepted among the various stakeholders. Any disturbance in this system will be counterproductive to the developmental efforts.

However, it was agreed that special focus will be given to maintenance of data regarding participation of women and minority communities in programs. The statistics will help in evaluating the specific impacts of DC(H) programs on these communities and devising strategies for the future.

8.2 Marketing of handmade carpets

The Indian carpet industry has potential for expansion since adequate skilled manpower & raw-material is available in abundance. Indian products are acceptable all over the World and are at par on quality and competitive in prices. The only weakness is marketing and fore-sightedness of the exporters besides resources. Generally the exporters are small in comparison with our competitors thus having limited resources. The trend in buying has undergone a radical change, switching over to stock buying rather than placing orders.
Carpet industry is given due importance in the proposed schemes. Specialized training provisions apart from general handicraft trainings have been designed/ included under the Human Resource Development Scheme. Also, an International level Handicrafts fair encompassing artisans from each and every sector has been envisioned to be held in the 12th plan period. In addition to this, some other suggestions of the sub-group are as follows:

- The Indian exporters should look for alternate buyers and offer products in new design while stressing on quality.
- A warehouse facility to be provided to the exporters for temporary storing their consignments on refusal of payment by the buyers to avoid auctioning by the customs.
- Extensive participation in fairs & exhibition to be suggested for increasing demands particularly in Scandinavian countries.
- Extensive publicity is required for generating consumer awareness about the products.
- Fashion oriented and less expensive products to be promoted i.e., woven durries, chain stitched rugs, woven carpets, tufted carpets & art silk carpets.

**Some interventions as suggested by Carpet Export Promotion Council are:**

- **Capacity building**
  
  It is an important aspect for training on the know-how of weaving, dyeing, computerized designing, washing, finishing techniques etc. for the weavers & entrepreneurs.

- **Providing new improved carpet weaving looms**
  
  Provision of providing carpet weaving looms to new carpet/durry weavers and provision for subsidy for buying up-graded looms and tools to existing weavers is an essential need of the Carpet Industry. Since the weavers are poor & they want to take up this earning programme at their home, the looms & tools needs to be provided on subsidized prices may be 90:10 ratio.

- **Raw material bank**
  
  Carpet weavers/entrepreneurs needs raw materials, i.e. wool, silk, man-made fibers & cotton yarn at the concessional rate. The poor weavers may not be in a position to spend on purchase of raw materials. Therefore, arrangements of regular supply of raw materials need special attention. A raw material bank may be created to supply
of quality and standard/graded raw materials to the Carpet weavers with credit facility.

► Design scheme

The Member-Exporters of CEPC may be considered for financial assistance for engaging national & international Designers so that new designs are developed continuously as per current needs of domestic and international markets. Such assistance for the Designers should include Designer’s Fee, travel, boarding & lodging. The Member-Exporters of CEPC will route their application through CEPC and the Member will incur all costs related with product development, its processing and finishing including cost towards raw materials and any intermediaries. The CEPC will also ensure that in the design prototype development stage, the Member-Exporters will engage master craft persons, preferably from the pass outs of schools run by CEPC and the Member may provide them further employment during the bulk production stage. One set of design prototypes developed and documentation of the entire process, in hard & soft copy will be output submitted to Government by the Exporter/Entrepreneur.

► Infrastructure

At present there is no organized infrastructure for training, production, processing and finishing, design and dissemination, testing and standardization, Packaging purposes and R&D, IT & Communication etc. in which a poor carpet artisan, small and medium Entrepreneur/Exporters could avail the said services.

Therefore, CEPC strongly recommends setting up and continuous strengthening of the proposed infrastructural facilities of international standards so that all stakeholders of the Carpet/floor covering sector could receive continuous services from such infrastructure.

► Marketing promotion efforts: suggestive measure for promoting Indian handmade carpets and other floor coverings in the market

The CEPC recommends that the following provisions be made in the International Marketing component of Marketing Support Scheme for 12th plan.

For brand promotion the CEPC members may be allowed to participate in at least 3 events in the existing foreign market and 2 in the virgin/emerging markets which have not been explored so far. The funding to the Council for these events may be kept between Rs.50 lakh to Rs.1.00 crore in each event. The participating exporter, artisans, entrepreneurs may be provided Government Support for a built up stall, to and fro air travel, publicity of the events in the foreign markets to the extent of 80%
Measures to boost sale of hand made carpets and other floor coverings in the domestic market.

Over the years the CEPC has noted that bulk of hand made carpets and other floor coverings are being exported in overseas market. However, there is a huge potential in the domestic market as yet. A significant share of the domestic market has been capture by cheap imports from China/Taiwan which offer good design, machine made carpet and the traders are offering these carpets to gullible customers as hand made carpets because they look quite similar to the genuine hand made carpets. These are being sold at much cheaper rates. As a result of this, there is great set back to the carpet weavers, especially marginal weavers and small entrepreneurs who find it difficult to sustain in the highly price sensitive and competitive market. To combat this problem and to protect the interests of carpet and floor coverings artisans, CEPC strongly recommends the following measure to be taken by Office of the Development Commissioner (H).

- The issue of cheap imports of machine made carpets from China/Taiwan may be taken up with the appropriate authorities of Government of India to either impose complete embargo on these imports or to substantially hike import duties on such imports. It has also come to the notice of CEPC that these cheap machine made products are being imported in the garb of packaging material. In fact CEPC also recommends a comprehensive investigation at the major importing ports in India, both sea and airports, to assess the extent of such imports as well as the identity of the related importers. Based on the findings of such an investigation, further corrective measure can be thought of.

- The Office of the Development Commissioner (H) should earmark at least stalls in different of the Gandhi Shilp Bazars in the year for genuine artisans/entrepreneurs/exports manufacturing hand made carpets and other floor coverings. It is expected that with these measures, there would be significant boost for genuine hand made carpet in the domestic market.

Provision for enhanced health cover to artisans in carpet & other floor coverings

The present health cover of Rs.15,000/- under Rajiv Gandhi Shilpi Swasthya Bima Yojana may be raised to Rs. 50,000/- and critical illnesses may also be included.

At present there is no Pension Scheme for Artisans in the Carpet Industry. The CEPC proposes that an Insurance-cum-pension package may be introduced in the
12th Plan as this is a badly felt need in this Sector.

**To be included in the eligibility under HRD scheme**

The CEPC may be included amongst the eligible implementing Organization for all the components:

- Training through Established Institutions
- Training In Innovative Designs
- Training of Artisans And SHG Leaders In Capacity Building and
- Conducting Seminars & Workshops.

However, upon becoming eligible, the CEPC will implement these components specifically for the stakeholders of the Handmade Carpets and other floor coverings.

### 8.3 Brand Building and Geographic Indicators

The subject of brand building is addressed in the MSS scheme. A separate component for Brand promotion has been proposed and financial outlay for INR 20 cr has been budgeted for the component. As a first step towards creating the brand, "National Handicrafts Fair" has been conceived to promote the brand not just in India but also globally. Also, given below are the suggestions which shall aid in brand building of Indian handicrafts:

- A comprehensive strategy needs to be created to promote the “Handcrafted in India” brand. By doing so, the entire bouquet of handicraft products can be promoted under a single umbrella brand.

- 10 major domestic marketing events such as Suraj Kund Mela, master creation in Dilli Haat, etc. may be identified for brand promotion.

- Design a publicity campaign targeting domestic and international markets on the lines of ‘Vibrant Gujarat’ or ‘Incredible India’.

- Short duration films on Indian crafts carrying cultural, social and economic message may be placed on TV Channels.

- Within India, identify products and focus on creating region specific brands. This will be a large boost to areas like the North East.

- To make the products more competitive in the market - product certification conforming to international safety, labour as well as environmental standards may be promoted and linked to branding.
8.4 Geographic Indicators

The subject of GIs has been widely discussed, and it is unanimously agreed that the DC(H) has to focus on ensuring further craft registration has to be supported. The studies and further activities required for registration of the crafts are admissible under the Research and Development scheme. DC(H) is also eligible to take up these activities at their own level and same shall be done in the coming years. Research and Development Scheme will cater to conducting detailed study on the GI implementation models and inclusive policy measures would be taken to support the process. Also, given below are the suggestions which may aid in maintaining the focus on GI in the next five year plan:

- Specific schemes need to be set up to support pre-GI (awareness raising, information generation, assistance with application process) and post-GI (promotion, brand building, regulation, infringement etc.) activities at various levels – Center, State and the community level. In addition, there is also the need to set up a fund that will undertake brand promotion efforts centered on GIs.

- Post GI implementation efforts to be made eligible for support under the existing AHVY.

- Crafts having GI certification needs to be funded for building and developing community based brand identities so that it could be taken to the next level.

8.5 Languishing crafts

Realizing the immense importance of the craft preservation, this scheme component has been continued in the 12th Plan period with modifications. The sub component “Documentation, Preservation and Revival of Rare and Languishing Craft” now reflects in the Research and Development Scheme of the 12th Five Year Plan. Craft University is also being proposed, where a course will be dedicated to preservation and documentation of the languishing crafts. Further, languishing crafts will be given importance and preference in trade fairs and exhibitions. Designers will being hired from institutions like NIFT, NID, Pearl Academy, etc. to develop prototypes and train artisans practicing the craft. Due measures have been taken to make concerted efforts in conserving the crafts along with preserving the interest of the artisans.
8.6 Entrepreneurship development

Entrepreneurship amongst artisans has been highlighted significantly in the 12th plan proposals. Further, Design Mentorship Apprentice Programme has been proposed under the HRD scheme for overall professional development of apprentice designers. Some suggestions are:

- Scheme for extending scholarship to young talented crafts persons may be introduced to provide them appropriate training.
- Continuous training at cluster level is required at different stages.
- Specific schemes for promotion of SC/ ST artisans, NER and women may be developed to encourage participation and increase entrepreneurship.

8.7 Advocacy and policy support

Research and Development Scheme will carry out specific studies for dissemination of advocacy support in the handicraft sector. As step towards this, a study on developing a new definition of Handicrafts has already been concluded. Further, syndication of activities among different organizations working under aegis of Development Commissioner (Handicrafts) has been proposed in the 12th five year plan period. They will act as center of excellence enabling institutionalized approach for overall integrated & inclusive development in sector. A monitoring and evaluation framework would be developed under the R&D scheme for measuring the efficacy of the schemes being implemented in the 12th plan period. Also, common resource centers have been proposed for documentation and preservation of data related to the handicraft sector. Also given below are the suggestions that will be undertaken by the O/O DC(H):

- Advocate policy reforms with national institutions in order to remove the barriers preventing the development of handicraft and soft manufacturing products.
- Develop a framework for the provision of services to enterprises and clusters of enterprises.
- Re-think the local strategy for the development of handicrafts and explore possibilities for including handicraft products into the local value chain. Assistance to
move towards diversification of marketing strategies and to improve quality of products, productivity and working conditions of women

A policy paper for the development of the handicraft sector should be prepared specifically for the assistance of the handicraft sector in India

Specific programs have to be adopted in vocational schools in order to promote the handicraft production skills and knowledge.

Focused steps should be taken up for revitalising the ‘All India Handicrafts Board’. The DC(H) should advocate for regular meetings of these boards to be organised at the State and National level, ensuring adequate representation of the civic society representatives. Sub-committees may be created for focused approach.

8.8 Housing and Workshed

The issue of provision of proper housing and workshed facilities had been highlighted. It was expressed that since the very nature of crafts production is decentralized and home based, sufficient financial outlay needs to be made for this component to ensure basic living standards. The concern was highly appreciated. Some of the suggestions given by members are as follows:

- Given the decentralized and rural nature of artisan production, a Scheme to provide solar power facilities (ideally 9 to 18 volts) to alleviate hardship resulting from lack of electricity is essential. This could be a centrally sponsored scheme with minimal (perhaps 10%) contribution by the crafts person.

- As women constitute 47.4% of handicraft sector employment, the issue of toilet facilities for women in the cluster needs to be taken up. This has been strongly expressed need and should be met with due financial consideration.

- In continuation to the initiatives for improvement of workshed, it is recommended that DC(H) should propound coalescing of work environment improvement for artisans under various schemes of other departments such as Departments of Ministry of Rural Development, etc.

However, it has been noted that the issue of housing is being dealt by various other ministries and hence the viable idea is to ensure advocacy by O/o DC(H) to other ministries.
Further a component of ‘Crafts Village’ has been introduced in the ‘Infrastructure and Technology development’ scheme, wherein it was ensured that adequate provisions will be made for the components.

8.9 Monitoring and Evaluation (M&E)

Monitoring and evaluation enables you to check the “bottom line” of development work: Not “are we making a profit?” but “are we making a difference?”

Through monitoring and evaluation, we can:

- Review progress;
- Identify problems in planning and/or implementation;
- Make adjustments so that you are more likely to “make a difference”.

It had been repeatedly highlighted in discussions of all subgroups that the DC(H) schemes have to be regularly subjected to M&E so as to enable the office to understand the reach and impact of the money being spent on these initiatives. Therefore, it was agreed that M&E will form a critical element of all scheme components and these studies will be regularly carried out by the O/o DC(H).
Working group report on Handicrafts for the 12th Five Year Plan
9 Proposed new schemes for the 12th plan period

The analysis of the trends in the 11th plan period and the strategy for the growth desired the introduction of two new schemes which are

- The Infrastructure Scheme
- The North Eastern Regional Development scheme

9.1 Infrastructure and Technology Development Scheme

In view of the enormous market potential for handcrafted products both in the exports as well as the domestic markets and the high employment generation multiplier in the sector, the integrated development of infrastructure with focus on technology development has assumed paramount importance to improve the competitive position of the sector. A considerable section of the Indian handicrafts continues to be a fragmented base of home based workers working with traditional outdated technology and limited infrastructure to scale up the production both qualitatively and quantitatively.

9.1.1 Need and Justification

The existing infrastructure gaps in the handicrafts sector have led to limited scales of production, low levels of productivity, high costs of inputs and services, lack of standardization and quality, an inability to meet the compliances required by the export markets. Therefore in spite of a rich diversity of handicrafts culture in the country, the competitive position of Indian Handicrafts viz-a-viz the handicrafts from South East Asian countries is relatively weak. Over the years there has been a loss of market share not only in the export markets but also in domestic markets in the face of stiff competition from imported craft goods of better quality and lower price.

In view of the above scenario it is proposed to have a more focused approach to infrastructure development in the Handicrafts sector during the 12th Plan period. The focus will be on adequate provisioning and effective utilization of the infrastructure. Although the
existing schemes of the DC Handicrafts (i.e. AHVY scheme, Design and Technology up-gradation, Research and Development) had provisions for infrastructure development, the off take of these components in comparison to other components in the scheme have been limited. The comparative difference in utilization is demonstrated through the analysis of AHVY scheme as given in the tables below.

Table 9-1: Analysis of the total investment in infrastructure under the AHVY

<table>
<thead>
<tr>
<th>S.No</th>
<th>Components</th>
<th>Physical Achievement</th>
<th>Financial achievement (INR Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Establishment of Resource Centres</td>
<td>4</td>
<td>2.00</td>
</tr>
<tr>
<td>2.</td>
<td>Establishment of E-Kiosks</td>
<td>25</td>
<td>0.44</td>
</tr>
<tr>
<td>3.</td>
<td>Creation of Raw Material Bank</td>
<td>16</td>
<td>16.00</td>
</tr>
<tr>
<td>4.</td>
<td>Setting up of Common Facility Centres</td>
<td>48</td>
<td>14.40</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>32.84</td>
</tr>
</tbody>
</table>

Table 9-2: Component wise distribution of expenditure in AHVY

<table>
<thead>
<tr>
<th>Component</th>
<th>Total expenditure (INR Crores)</th>
<th>As % of total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Components</td>
<td>32.84</td>
<td>18%</td>
</tr>
<tr>
<td>Soft Components</td>
<td>148.31</td>
<td>82%</td>
</tr>
<tr>
<td></td>
<td>181.15</td>
<td></td>
</tr>
</tbody>
</table>

Based on the above analysis it is observed that the total expenditure on infrastructure is less than 20% of the total expenditure clearly reflecting the severe lack of infrastructure, the lack of focus in the existing schemes and the limited capacity of the existing implementing agencies. It is therefore proposed to restructure the scheme and consolidate the various infrastructure components under the different schemes of the Office of The DC Handicrafts into a separate scheme for infrastructure and technology development.

The new scheme will complement the other schemes of the DC Handicrafts to ensure the integrated development of infrastructure and provision of latest technologies.

### 9.1.2 Objectives of the scheme

The scheme aims at the development of world class infrastructure in the country to support handicraft production, and enhance the product quality and cost to enable it to compete in the world market.

The objectives of the scheme are as follows:

- To develop infrastructure in an equitable manner to support handicraft industry in
the country

To ensure availability required technology, product diversification, design development, raw material banks, and marketing & promotion facilities in nearest vicinity possible

To enhance the competitiveness of the products in terms of increased market share and ensuring increased productivity by higher unit value realization of the products

To improve the resource pool of skilled persons in the country by developing high class institutes that provide certified courses and degrees in Handicraft field – enhancing skill development in the country

9.1.3 Proposed scheme components

The scheme will comprise of the (a) components repositioned from existing schemes of the Office of the DC (Handicrafts) and (b) additional new components.

(a) Components repositioned from existing schemes of the Office of DC (H)

Components repositioned from the Marketing Supply and Services scheme are:

* Urban Haat
* Mini Urban Haat (proposed)
* Emporia
  * Own building class A towns; Own building class B,C towns, Rented Building and funds for Renovation
* Warehousing facility
* Setting up Marketing Hubs in metros
* Setting up of sourcing hubs

Components repositioned from the Design and Technology upgradation scheme are:

* State initiative Design Centres
* Handicrafts museum

Components repositioned from the AHVY scheme are:

* Establishment of craft based resource centre
* Setting Up of E-Kiosks
Setting up common facility centre  
Setting up raw material bank  
Setting up of facility centres by exporters/ entrepreneurs

The component details under the new scheme are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Eligibility</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establishment of craft based resource centre</td>
<td>• NGO/ Government autonomous bodies/ Council/ Apex bodies and SPV promoted by banks/ financial institutions and corporate bodies, reputed National level Organizations, in the handicraft sector, Govt Joint ventures, Societies/ Trust, Consortium of NGOs/ Institute and Universities Department in addition to the existing eligible organizations</td>
<td>• INR 100 lakh</td>
</tr>
</tbody>
</table>
| 2. Setting up raw material bank                 | • NGO/ Government autonomous bodies/ Council/ Apex bodies, SPV promoted by banks/ financial institutions and corporate bodies/ State Handloom & Handicraft Corporation/ Govt Joint ventures, Societies/ Trust , Consortium of NGOs/ Exporters bodies/ associations of exporters, etc registered under relevant acts.                                                                                                                                  | • INR 200 lakh  
• 100% assistance                                                                                                                                                                                                                   |
| 3. Setting up of facility centres by exporters/ entrepreneurs | • Exporters and entrepreneurs those are not implementing AHVY concurrently                                                                                                                                                                                                                                                                                                                                                     | • INR 40.00 lakh  
• 40% assistance                                                                                                                                                                                                                   |
| 4. Setting up common facility centre            | • SPV/EPCH/CEPC and other competent organizations                                                                                                                                                                                                                                                                                                                                                                                     | • INR 5 crore                                                                                                                                                                                                                           |
| 5. State Initiative Design Centres              | • Recommendation of State Govt, agency having substantial contribution in field of arts , craft, culture and possess infrastructure to support SIDC ,central agencies don’t require recommendations from State Govt.                                                                                                                                                                                                                         | • Max limit is INR 200 lakh which includes provision for recurring expenditure for 3 years @ 5 % of project cost subject to max. of INR 5 lakh per annum (100% by Govt)                                                                                       |
| 6. Handicrafts museum                           | • State Govt and central govt agencies, Handicraft/Handloom Development Corporations, TPO’s and NGO’s having substantial contribution in field of arts , craft, culture are eligible  
• A national level museum (even with                                                                                                                                                                                                                                                                                                                                 | • Max limit of INR 50 lakh which will include provision for recurring expenditure for 3 years @ 5 % of project cost subject to max. of INR |
### Working group report on Handicrafts for the 12th Five Year Plan

<table>
<thead>
<tr>
<th>Component</th>
<th>Eligibility</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Urban Haat</td>
<td>The agencies like Handicraft/ Handloom Development Corporations, Tourist Development Corporations, SPV, TPO Bodies with sufficient financial resources and organizational capacity to implement such projects will be eligible for assistance</td>
<td>The financial ceiling of INR 3.5 cr will be provided with minimum area requirement of 8000 sq meters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The funding will be shared in 70:30 and 90:10 (NER) ratio by the O/o DC(H) and State Govt/ Implementing Agencies</td>
</tr>
<tr>
<td>8. Mini Urban Haat (proposed)</td>
<td>The agencies like Handicraft/ Handloom Development Corporations, Tourist Development Corporations, SPV, TPO Bodies with sufficient financial resources and organizational capacity to implement such projects will be eligible for assistance</td>
<td>The financial ceiling shall be INR 1.4 cr for area of minimum 2000 sq meters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The funding will be shared in 70:30 and 90:10 (NER) ratio by the O/o DC(H) and State Govt/ Implementing Agencies</td>
</tr>
<tr>
<td>9. Emporia</td>
<td>Central/ State Handicrafts Corporation/ Apex Co-operative Societies, Handicraft Artisans Federations &amp; NGOs having established retail linkages shall be eligible</td>
<td>The amount of financial ceiling for New Empor...</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The amount of financial ceiling for New Emporia (own building) is INR 50 lakh in class town A and INR 40 lakh in class town B and C</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The amount of financial ceiling for renovation/ expansion of emporia is INR 10 lakh</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The funding will be done in 70:30 ratio with 70% borne by O/o DC(H) and 30% by the implementing agency</td>
</tr>
<tr>
<td>10. Setting up Marketing Hubs in metros</td>
<td>Export Promotion Councils/ COHANDS/ Central/ State Corporations/ Export Association/ Chamber of Commerce, etc will be eligible to implement either on their own or through an SPV</td>
<td>Setup on PPP mode</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25% of project cost subject to max of allocation of INR 10 cr per marketing hub</td>
</tr>
</tbody>
</table>
Component | Eligibility | Financial assistance
---|---|---
11. Setting up of sourcing hubs | Export Promotion Councils/ COHANDS/ Central/ State Corporations/ Export Association/ Chamber of Commerce, etc will be eligible to implement either on their own or through an SPV | Setup on PPP mode
| | | 25% of project cost subject to max allocation of INR 5 cr per sourcing hub
12. Warehousing facility at important locations | Export Promotion Councils/ COHANDS/ Central/ State Corporations/ Chamber of Commerce, etc will be eligible to implement either on their own or through an SPV | Warehousing facilities: 25% of project cost subject to max. of INR 3 crore

(b) Proposed new components of the infrastructure scheme

The proposed new components under the scheme are:

- Craft Institute upgradable to University
- Crafts Village
- Integrated Handicraft park
- Advanced Handicraft training schools
- Structuring & Revitalizing existing institutions into center of excellence & syndication of their activities
- Testing Laboratory
- Workshed cum Housing
- Restructuring of Regional Design and Technical centres

An overview of the proposed components is as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Eligibility</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Craft Institute upgradable to University</td>
<td>NCDPD, DC(H) or an SPV formed from under the aegis of the DC(H) specially to execute the project.</td>
<td>INR 30 cr per year</td>
</tr>
<tr>
<td></td>
<td>Crafts Village</td>
<td>DC(H) or an SPV formed from under the aegis of the DC(H) specially to execute the project.</td>
</tr>
<tr>
<td>2 Handicraft park</td>
<td>DC(H) or an SPV formed from under the aegis of the DC(H) specially to execute the project.</td>
<td>INR 25 cr per year</td>
</tr>
<tr>
<td>Component</td>
<td>Eligibility</td>
<td>Financial assistance</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>3 Advanced Handicraft Schools</td>
<td>• Five advanced Handicraft Schools such as Carpentry/Wood Training School, Glass Training School, Embroidery School, Finishes &amp; Technology Training School to be build</td>
<td>• INR 25 cr per school</td>
</tr>
<tr>
<td>4 Structuring &amp; Revitalizing existing institutions into center of excellence &amp; syndication of their activities</td>
<td>• Institute such as RTDC’s, COHANDS, EPCH, IICT, MHSCs, BCDI, NCDPD, CEPC, DC(H) and associated RTDC shall be eligible</td>
<td>• INR 20 cr per organization</td>
</tr>
<tr>
<td>5 Testing Laboratory</td>
<td>• DC (H) and other institutions</td>
<td>• Lumpsum 1 cr per year</td>
</tr>
<tr>
<td>6 Restructuring of DC(H) field formations including Regional Design and Technical centre and any other infrastructure to be created departmentally</td>
<td></td>
<td>• Lumpsum 20 cr per year</td>
</tr>
</tbody>
</table>

9.1.4 Strategy for ‘Technology’ induction

Under the 12th plan it is proposed to undertake a detailed mapping of the technology requirements of the major craft clusters export potential and introduce appropriate technology at various locations with the infrastructure development to promote value addition at various stages of the production process including product preparation, preliminary processing, basic product manufacturing and finishing. The focus will be on bridging the existing gap in awareness and availability of technology.

In recognition of the fact that technology will be a key driver for the rapid growth and competitiveness of the handicrafts sector it is proposed that specific focus will be given to on the induction and promotion of new technologies. The objective is to provide adequate support to source/develop appropriate technology, and execute the implementation of technology with the aim to ensure qualitative and quantitative improvements, reduction in costs, improvement in productivity and substantial increase in the earnings of the artisans. The key aspects of the strategy are as follows:

**Learning and exposure to new technology**
Financial assistance from R&D scheme will be leveraged to undertake exposure trips to reputed international locations with the aim to study the mechanization of the production processes and study the technology used and its cost/benefit implications.

**Sourcing and transfer of appropriate technologies**

Based on a thorough assessment of the technology needs of the cluster and a techno-feasibility study undertaken by an accredited institution, proposed technologies will be imported from reputed manufacturing companies. In addition to the cost of importing the equipment and furnishing the infrastructure created, the Infrastructure and Technology development scheme will also support the cost adaptation of the technology to the specific needs of the crafts and training of local technicians for effective use of the new technology.

**Hiring of international technical experts**

In order to ensure that the imported technology is properly disseminated and executed in the production centres, international technical experts will be engaged through the HRD scheme to provide the necessary support and training to effectively adapt and utilize the new technologies.

**Support to reputed R&D institutions and the RDTDCs**

It is proposed to support reputed technical institutions like CSRI and IITs to undertake R&D work to improvise and mechanize the traditional tools to increase in productivity and promote standardization of products. This will include strengthening the existing Regional Design and Technology Development centres (RDTDC) of the DC Handicrafts.

**9.1.5 Detailed concepts for the new scheme components**

**9.1.5.1 Crafts Institute upgradable to a University**

The proposed institution is conceptualized to become the first of its kind in India and will focus on promoting creativity and innovation at different levels of society by contributing to process, technology, design, education, business and entrepreneurship in the field of
handicraft. The pioneering institution will foster craft development and creativity by imparting education, techniques and tools to the artisans, craftsmen, students, teachers, entrepreneurs, etc. which will enable them to acquire the desired skill sets and knowledge in the sector. The Craft University is proposed to be set up so that the artisans, exporters, students (national/international) and entrepreneurs may continue to explore a craft already familiar and also learn new aspects of the crafts.

**Vision:** “The first of its kind pioneering institution, which would revolutionize the Indian craft sector and would provide impetus to the sector in becoming a key driver for the economy”

**Mission:** “A global leader, focused on enhancing the craft quotient in artisans, children, entrepreneurs and professionals whilst enabling discretely the application of creative ideas for the industry, thus making India the hub for craft sector”

The institution is likely to have both short and long term objectives, considering that there is immense potential in the subject.

**Need assessment**

- None of the institutions in the country have specialized courses which are related to the handicraft sector or are either purely practical or theoretical or run with focus on vocational courses in the craft pockets or otherwise such as carpentry school, woodworking, glass, ceramic, metal, jewellery, home textiles or tool/mould making centre, etc.

- Providing specialized, formal, customized or tailor-made skill development or practical training programme to the craftsmen, artisans, entrepreneurs, exporters etc.

- Due to the continuous advancement of the technologies, of the manufacturing process and raw material, there is a constant need to educate artisans, craftsmen, manufacturers and exporters

- To prevent extinction of skills which have long been inherited by the artisans from their forefathers

- There is no specialized institution in India to work as an umbrella organization for imparting specialized and industry oriented trainings, both short term and long term

- To provide continuous momentum to provide the training to the needy people across the country

- Creation of skilled and trained workforce their by enhancing the job opportunities
Building-up workforce of new budding entrepreneurs and artisans
Providing a professional look and feel to the Indian Craft sector

**Objectives**

**Long Term Objectives**

- Initiate emergence of a handicraft economy
- Introduce radical changes in thought, processes, methods and environment for the industry and the Government to promote handicraft sector
- Drive India to become a global hub for sourcing of customized Indian handicrafts
- Improving the stature and standard of living of the artisans, craftsmen and skilled laborers, etc.

**Short Term Objectives**

- To promote creative opportunities for artisans/ craftsmen/ entrepreneurs/ students/ faculty, etc by providing a range of art and craft related programming throughout the academic year.
- Develop linkages worldwide with prominent centers of excellence in the craft development space.
- Create an enviable class of expert faculty and domain experts
- Become a nodal point for all programmes/ organizations active in the craft space
- Build linkages with industry to bridge gap between latent needs and crafts
- Offer an assortment of specialized services/ products to cater to educational institutions, corporate organizations, professionals
- Emerge as a self sustainable organization in a period of 5 years post commencement of operations.
CASE STUDY 7: Department of Craft, Tokyo National University of Fine Arts and Music

**History:** Tokyo Arts School, the Department of Crafts was reorganized in 1975 into an institution offering both basic and specialized knowledge in the following areas of study: Metal Carving, Metal Hammering, Metal Casting, Urushi-Art, Ceramics, and Textile Arts. The Woodworking and Glass courses were established in 1995 and 2005, respectively.

**Courses offered:**

The undergraduate program consists of six courses, while the graduate program comprises 14 studios. The system encourages students to work in the field of their choice, always seeking to encourage their talent in an environment that stresses creative freedom.

**Basic Craft:**

In the Basic Craft Course, students acquire the basic knowledge required for various specializations.

**Metal Carving**

Beginning with preparation of tools such as cold chisels, the course examines traditional techniques such as engraving, chasing, inlaying, binding, cloisonné, and metal coloring; addresses basic issues to deepen student understanding of materials; and provides highly specialized guidance in areas such as metal-carving techniques and jewelry. This instruction is informed by an awareness of current trends in living space interiors.
CASE STUDY 7: Department of Craft, Tokyo National University of Fine Arts and Music

**Metal Hammering:**
In the Metal Hammering Course, students familiarize themselves with techniques ranging from traditional to modern metalworking, based primarily on processes such as plastic working of metal and molding via cutting. The course also seeks to foster student capacity to express themselves freely using metal through the creation of exploratory projects.

**Ceramics:**
The program's educational policy seeks not just to teach an industrial sensibility or practical skills but to improve artistry by encouraging students to express their own ideas in creating articles based on a deeper sense of an artistic mission in areas such as crafts and engraving.

**Metal Casting:**
Students deepen their understanding and discernment of materials and techniques through training in various metal-casting techniques, strengthening general creativity by enhancing skills in developing precise plans and by refining their sensitivity to a broad range of materials, both of which are distinctive characteristics required for metal casting.

**Textile Art:**
The goal of the course is to develop graduates capable of thriving across a broad range of spheres as designers and artists, applying skills based on a deep familiarity with fibers and textiles and high creative capabilities.
CASE STUDY 7: Department of Craft, Tokyo National University of Fine Arts and Music

Urushi Art
As the centre of Urushi-Art, we train students and pursue research in various aspects of this natural material, including paint, adhesives, modeling materials, and painting materials. Students also learn to bleed and purify sap from an Urushi tree.

Woodworking:
The goals of establishing this course included fostering an in-depth awareness of materials through a broad and in-depth acquisition of knowledge and skills. Students are trained to demonstrate a lively, creative outlook in the world of today while drawing on traditional techniques and concepts, with a focus on wood assembly among the diverse world of woodworking.

Glass:
Applying a wide range of expressive techniques, such as kiln work (pâte de verre, kiln casting, fusing), hot work (glassblowing, hot casting), and cold work (cutting, sandblasting), this course pursues the possibilities of glass materials across a wide range of fields, including crafts, three-dimensional work, and spatial work. It also provides opportunities for investigating connections to other materials such as metal, stone, and wood.

Facilities:
- The university Arts Museum
- University Library
- Concert Hall
- Performing Arts Centre
- Art Media Centre
- Health care service centre
- International student centre
- Toride campus
- Yokohoma campus
- Senju campus
**Strategic Directions**

The institution could have a two pronged strategic focus:

1. Academics
2. Industry

I. Academia

The academia component of the craft institute will focus on fostering, enhancing, educating and propagate handicraft in India. The academia will offer courses that enable students to understand the artistic characteristics and values that craft/arts represent. This component will seek to impart education, training and conduct research on various crafts (metal, wood, glass, textiles, pottery leather, paper, etc) of India as well as of other countries. The education will also be intended for re-training artisans, craftsmen, designers, entrepreneurs, college students (under-graduate and graduate) such that craft lessons permeate across a vast age range and segments. This education will intend to arm its students with craft process, creative methodologies, tools and techniques which they can use to enhance their individual craft quotients. The second part of the academia component can be research on craft and innovation such that the institution churns out path breaking results in the field to achieve a status of a global centre of excellence for crafts.

The curriculum will include arts and craft courses designed for all experience levels. Novices can explore new media, while experienced artisans will be challenged by our more advanced courses. The services portfolio offered by the university is likely to be very diverse so as to reach all craft segments for enabling a comprehensive curriculum. Each of the core group units is likely to offer an array of services.

**Educational Courses:** This course could be offered at two levels namely the basic course and the advanced course.

**Degree/ Diploma Courses:** The degree/ diploma courses can be specialized courses focussing on crafts, design, innovation and/or entrepreneurship.

These courses could be offered to undergraduate students and professionals with the objective of securing a qualification to increase the probability of their employability or enhancing capabilities to commence new ventures and sustain the same.
The Degree courses could be focussing on design, design methods, creativity & entrepreneurship, amongst other focus areas. These courses could be offered as a combination of on-campus and distant learning wherein students spend only 2-3 months on-campus and the remaining may be classroom teaching on-line.

**Research & Thought Leadership:**
There could be a regular PhD programme that is focused on craft segment, design, technology, creativity, innovation, research, etc.

**Other components (indicative)**
Library, Information support centre, Museum, Design studio, Design bank, Practical lab, Continuing education centre, Research centre, Health centre, etc.

**Linkages (Global and local)**

A collaborative model of expansion would be adopted whereby university will develop linkages with national and international institutes for imparting world class training to the students. Institutes such as Le Mark Institute of Art, Bringsty Arts Studio, Jo and Raffles Design Institute (Singapore), London college of Fashion, Jo Vincent Glass Designers,
Institution of Engineering Designers (UK), Chelsea College of Art and Design (London), Tokyo University of the Arts, etc can also be benchmark.

The Global linkages would aspire to be connected with prominent institutions, universities, laboratories, associations and corporate entities active in the craft space. The association with such organizations should be endeavoured to be formal in terms of partnerships/agreements thus encouraging sharing of knowledge and resources globally. The alliances/partnerships with a few best in class global organizations (Universities/Companies) would enhance the credibility of the Craft University significantly.

II. Industry

No institution is complete without a well established association with the industry and this is evident in the education system prevalent in India currently. India has a large number of educational institutions across several vocations however the curriculum and depth of education is found lacking on account of non-alignment with the requirements of the industry. The industry needs in terms of products, services and human resources are currently not being met by the institutional infrastructure in India.

The Craft University seeks to formulate its curriculum based on the assessment of need of the industry and sector. Further, the University shall seek to handheld state handicraft corporations, emporiums, export houses, traders, private companies in applying the innovative concepts/products emerging from research conducted in-house.

Further, the institution can seek to become a nodal hub for any information, research, resources related to handicap by establishing linkages with most of the prominent centers of excellence worldwide.

**Way forward and role of stakeholders**

As part of the next steps proposed with regard to the realization of the concept of setting up of “Central Craft University”, this section entails the details of the stakeholders, support required and the areas which are to be further detailed.

I. **Government (Ministry of Textiles)**

- Detailed feasibility study of the concept and exploring development models
- Land identification and procurement
- Creation of institution corpus fund
II. Industry/ Exporters
- Loan resources to the institute for special deputation/training assignments
- Provide critical inputs in terms of industry requirements
- Provide ready subscribers for the various courses offered at the Institute

III. Academia
- Assist in designing curricula and courses
- Provide faculty and trainers
- Share resources such as libraries, labs, knowledge bank, etc.
- Encourage potential candidates for courses
- Share its knowledge base and resources with students
- Support the global linkages unit through its existing partnerships with several centers of excellence

IV. University
- Operation and maintenance of the university
- Formulate and execute business plan for steady growth
- Establish alliances and collaboration with national and international institutes/universities
- Undertake promotional activities
- Map sponsors trustees for funding

Project benefits
- Establishing a world class institution in India to the credit of the Government
- Achieve putting India on the global map in the craft space
- Enhancing creativity skills on a large scale
- Platform offering convergence of education, professional services and research
9.1.5.2 Crafts Village

Craft village is the modern day concept wherein craft promotion and tourism are being taken up at single location. Artisans live and work at the same place and are also provided with the opportunity to sell their products thereby ensuring livelihood. Craft items are exhibited as well as sold here. The concept of Crafts Village has become successful in encouraging the rural craftsmen and performers in a big way.

Craft Village is made with numerous big and small stalls. These stalls are fabricated in the form of huts to create the atmosphere of an Indian village. Every single thing in a village craft, be it food outlets, dishes, utensils etc are kept in sync with rural design and style.

The responsibilities of craft village tourism are to create a motive force to change rural face and bring social and economic benefits to individuals and organizations operating in villages.

The artisan sector is a primary, small scale, village based manufacturing sector, which provides the essential manufactures, functions and services, that cater to local communities, and now by default, ever increasing export markets. It is thus a critical and essential element for the village economy and its self-sufficiency.

As the number of artisans in any type or size of social grouping (i.e. family / para / village / union / zilla), one would uncover a sizeable population of people, who are involved within this sector. If one includes women led activities, like needlework, the numbers are even more substantial, as it is practically carried out in almost every household. Outside the agriculture sector, besides other vocations like fisheries, rickshaw pulling and hawking; the artisan sector employs a very high percentage of people. Also if one extends is to the raw material base and ancillary work associated with the sector, i.e. women who spin, farmers who grow cotton and jute, tailors who stitch and fabricate garments, this sector is very significant.

Artisans contribute their knowledge of local materials and give form to human experience. Their visual and tactile connections with the land and with cultural ideas and identities help to define a sense of people and the place. The role of artisans in maintaining cultural integrity and independence among small groups and communities throughout the world has been profound.
Most importantly in any traditional culture, ‘folk arts or crafts signify such levels in an art language as folk poems and lore do in literature or folk songs and dances in the performing arts – levels which involve larger numbers of people in a society in creative expression, and, in the process, keep their sensibility counts high. So a society in which folk arts are alive is a more colorful and creative society than one in which art activity is confined to a privileged few.

Hence, a look at the artisan and craft sector becomes vital. Culturally, the artisan sector has in the past seen its enlightenment and peak of sophistication, as for instance the Appliquéd Craft of Orissa. This was acquired through generations of masterly craft practices, which have become hallmarks of quality and superiority in handmade items. A rediscovery of that excellence will not only give a thrust to village economies, but will contribute substantially towards the nation’s progress.

**Craft village tourism brings multi-benefits**

According to Ministry of Rural Development, at present, there are more than 4000 villages various Handicraft practiced by the Artisans in India, creating jobs for more than 11 million of people in about five million households. Among those, many craft villages are thousands years old. Therefore, craft villages and their products are fulfilled with deeply cultural characters. Thus, it is necessary to develop craft villages for three reasons. The first reason is that craft village tourism development contributes to introduce craft village trademarks and products to the world. Secondly, craft village tourism will create a motive force to foster social and economic development of rural areas and the third to generate social and economic benefits to individuals and organizations that are operating in villages.

Especially, craft village tourism is an interesting tourism form. Therefore, if there are sound development strategies, craft villages will attract a large number of domestic and international tourists.

Making or painting pottery products is an interesting entertainment form which helps the youth to not only know more about the national traditions but also keep them away from harmful games on the internet.

**There is a need to exploit craft village potential**

The number of craft villages which has a developed tourism and bring benefits to local people is still low. Most of villages are not aware of the necessity of tourism development and have sound development orientations.
The reason is that craft villages are not aware of tourism development benefits, therefore they have not paid proper attention to improve infrastructure (including transport system and showrooms) and human resources. People working in craft village tourism are poor at English and knowledge on craft village and their products. People in craft villages do not produce enough unique products to attract tourists.

In order to develop craft village tourism, governmental and local authorities should work with people in craft villages. They also should encourage organizations to invest in craft village tourism, construct more showrooms to introduce about village history. There is also a need to improve human resources’ quality and language skills in craft villages. Travel agents should be engaged in the mission.

Housing cum Workshed

A growing need has been felt to facilitate and empower artisans to chart out a sustainable path for growth, income generation and better work environment so that they are able to have a right working atmosphere and better ambiance to enable them to carry out their work efficiently. The Workshed Scheme for Handicraft Artisans is an attempt to facilitate the development of artisans and their families by way of providing them financial assistance for construction of worksheds.

However, it has been noted that the issue of housing is being dealt by various other ministries and hence the viable idea is to ensure advocacy by O/o DC(H) to other ministries. Further this component is made eligible under the Crafts village scheme.
9.1.5.3 Handicraft Park

The establishment Handicraft park in internal part of infrastructure base support to the Handicraft industry. The Park will provide a permanent platform for fusion of urban populace with crafts communities where the urban population could also increase their awareness and appreciation of crafts, while the crafts personal are able to find a market for their products and learn the market requirements, apart from earning their livelihood through expression of their skills and abilities. The purpose of setting up of Park is not to have just a static treasure house but to install and utilize integrated facility which could enable good collection of craft articles.

In the campus of Handicraft park following facilities are provided

- Craft school for training,
- Workshed,
- Dormitory for Ladies & Gents,
- Craft Bazaar of 25 stalls,
- Raw material Bank,
- Common Convention Centre,
- Guest House
- Other basic infrastructure facilities such as internal roads, electric supply, water supply, boundary wall etc

The **objective** of the project is to ensure systematic production of craft related to garments, lifestyle products, furnishings and accessories the proposed industrial park, apart from providing facilities for rural artisans to develop their skills, will use all its production and marketing expertise apart from providing health, insurance, banking, nutrition, childcare and education back up for the artisans of the district,"

There is a **need** to have such handicraft parks in each major Handicraft Cluster, because rural artisans have not been getting their due for years "Middlemen usually purchase these goods before exporters. Artisans working to ensure that handicrafts by rural artisans reach national and international markets and these artisans get a fair share in the value addition
process helped export handicrafts of artisans of the region to countries such as the US, Spain, Germany and UK.
9.1.5.4  Advanced Handicraft training schools

The issue of skill building has been at the forefront of policy debates in recent years. India can take advantage of its young workforce and hence the demographic dividend, only if the workforce possess relevant skills and is ready to seize the opportunities arising domestically as well as in the international arena. Several committees/commissions/task forces have examined the issues related to skill formation and recommended to expand/upgrade the skill building efforts. However, most of these recommendations have generally remained focused on the formal sector.

It is in this context that the NCEUS has examined the issue of skill formation in the unorganized sector. The Commission has carried out a detailed analysis of the socio-economic characteristics of the skilled and unskilled persons based on the latest set of data from the Sixty-first Round of the National Sample Survey in 2004-05. It is estimated that only 11.5 per cent of those in the age-group 15-29 have received (or were receiving) any training, whether formal or informal. Only 2.5 per cent of total unorganised sector workers had formal training while 12.5 per cent had non-formal training. In the organised sector, 11 per cent workers had formal training and another 10.4 per cent had informal training. The Commission recommends the proportion of formal training to increase from 2.6 per cent of the labour force as per the NSS 2004-05 Survey to reach a level of 50 per cent of the labour force by 2021-22. Those targeted would include potential entrants into the labour force as well as the existing pool of workers whose skills require to be upgraded.

The Commission has examined the specific features of the skill formation process in the unorganized sector. In this context, it has underscored the need to understand the heterogeneity of the informal sector in India, which leads to a wide range of training needs, requiring analysis and policy formulation that is different from that of the formal sector. The informal sector is highly heterogeneous and encompasses a wide range of economic activities as well as people (i.e. workers, producers, employers) engaged in manufacturing/service activities under several types of employment relations and production arrangements.

**The objectives of establishing a Training Center are as follows:**

- To train artisans on existing and new craft categories and processes
- To hold entrepreneur development programs
To disseminate information on various craft categories, processes and market trends
CASE STUDY 8: Glass School, Novi Bur

Mission and Vision: Respond to the industry needs by means of the professional education of pupils, activities of professors and co-operation with the manufacturers who are supplying to the market needs.

History:
The Glass Nový Bor school was founded in 1870, as the local glass businessmen appreciated its necessity with the perspective to the further industrial development of the region and serve the growing needs of the construction industry which was envisaged to be highly dependent on glass.

Courses offered at the school:

The Higher Professional Glass School: 82-41-N/017 Art Glass Production

Secondary Industrial Glass School: 82-41-M/13 Art Glass and Lighting Objects Manufacturing

Orientation:
Cutting and Designing of Cut Glass
Hot Glass Shaping
Glass Shaping, Painting and Etching
Glass Engraving


Orientation:
Glassmaker-Hollow and Pressed Glass, videostream
Glassmaker-Mouldmaker, videostream
Glass Cutter-Glass Grinding In and Off (Facetting) videostream
Glass Cutter-Glass Engraving, videostream
Glass Cutter-Decorative Glass Cutting (kulič), videostream
Glass Painter, videostream

Institute / full-time / distance
28-45-L/501 Glass Industry-Glass Production
28-45-L/501 Glass Industry-Glass Decorating

Professional Apprentice School
28-58-E/002 Hollow Glass Manufacture
28-58-E/002 Glass Decorating

Technical Lyceum: 78-42-M/001 Technical Lyceum

Gymnasium: 79-41-K/41 Gymnasium
**Suggested Activities**

- To hold shop-floor and classroom training programs for artisans in
  - Existing processes in existing crafts
  - New processes in existing crafts
  - New crafts etc.
- To hold training programs for entrepreneurs in
  - Process and efficiency improvement
  - Process and technology aspects of business establishment and expansion
  - Export process and documentation etc.
- To hold seminars and workshops on various craft categories, processes and market issues
- To impart Training for the trainers

**Suggested Infrastructure**

- Classrooms
- Conference Hall
- Craft resource center, which will act as a information center for crafts, processes, markets etc.

**H R Development Facilities at Training School**

- Recruitment Centre;
- Workflow Training Centre;
- Class room with LLD Project (For Classroom Training);
- Library;
- Recreation Centre;
- Faculty Room;
- Crèche & Canteen;
- Labour Restroom;
- Management Consultancy Centre.
9.1.5.5  Restructuring & Revitalizing: creating ‘Centers of Excellence’

Various institutes like NCDPD, CEPC, CoHANDS are operating under the aegis of DC(H). However the institutes are in dire need of up-grading their facilities so that they can function efficiently. With this background it is proposed that existing infrastructure of both RDTDC and other organizations supported by DC(H) is proposed to be upgraded to international standards, commensurate with the vision enshrined in the National Design Policy of Government of India.

The proposal will constitute two separate components under the infrastructure scheme

- Restructuring and revitalization of existing institutions into center of excellence & syndication of their activities
- Restructuring and revitalization of Regional Design and Technical centers.

It is proposed that during the restructuring stage i.e. dismantling of the building, its construction and commissioning of new equipments, the agencies will function from a rented accommodation. Thereafter once the new building is in place, the rented building would be vacated and the staff shall be restored to the new building.

**CASE STUDY 9: TESDA Women’s Centre – an internationally recognised centre of excellence**

*Mission statement: To develop highly skilled, globally competitive women workers and entrepreneurs and forges a conducive environment that expands women’s economic choices.*

*Target beneficiaries:*
- Urban Poor Women
- Women from the Rural Areas
- Wives of Overseas Workers/Seafarers
- Women Professionals/ Employees
- Young Women
- Returning Women Migrant Workers
- Women Displaced Workers

*Programs and services offered:*
- Free quality training for women
- Competency based training programs under Pangulong Gloria scholarship
- Automotive Servicing, Shielded Metal Arc Welding (SMAW), Commercial Cooking NC II, Consumer Electronics Servicing, Dress making, Food processing etc
Objective

The objectives of the projects are:

- Revival of the institutes and RDTDC by provisioning of world class infrastructure facility
- Provision of additional space to facilitate expansion activities
- Providing infrastructure to for the agencies to perform effectively and

Various infrastructure features will be constructed /renovated under the scheme. Although a detailed Project Report (DPR) will be prepared for each institute, an indicative list is given below:

- Design studio
- Design display gallery
- Library with internet facility
- Seminar hall/ auditorium
- Board room/ conference hall
- Prototype development centre
- Training centre
- Administrative (official) office/ block
- Canteen/ café with recreation facilities
- ATM slot
- Store room
Global brand producers and retailers increasingly require their suppliers from developing countries to comply with certain social, environmental and safety norms. These norms are increasingly referred to as ‘private standards’. Compliance should, of course, not be a major problem for developing country producers when national laws and regulations already incorporate these standards. However, private standards imposed by producers of global brands and retailers may also go beyond national and local laws, and/or contain further conditions related, for example, to health and safety issues. A proactive strategy on the part of local manufacturers will make it easier for them to cope with such standards and will also lead to significant benefits, including competitive advantages, improved efficiency and, ultimately, more exporting opportunities. It is important to stress that private standards are something other than the technical regulations and national, regional or international voluntary standards such as might be encountered in trading with any partner. Private standards focus on social, safety and environmental issues and are required by brand producers and retailers when they source their products.

In the context of globalised manufacturing, it is clear that the content and focus of private standards will continue to evolve over the coming years. Private standards are constantly progressing, as evidenced by the dynamic relationship between these standards and technical regulations.

Further the buyers also demand certifications from nation/international laboratories that ensure the compliance to standards. At present India exporters have limited options to get their products certified, and hence have to incur high costs.

Therefore it is proposed that testing laboratories of international specifications should be developed and endorsed by Govt. of India, Ministry of Textiles. The certification services through this lab should be available to all at affordable prices.
### Targets for the Infrastructure scheme

The physical targets for the scheme are as follows:

<table>
<thead>
<tr>
<th>Components</th>
<th>Proposed no of units in 5 years</th>
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<tbody>
<tr>
<td>Establishment of craft based resource centre</td>
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</tr>
<tr>
<td>Setting up raw material bank</td>
<td>50</td>
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<tr>
<td>Setting up of facility centers by exporters/ entrepreneurs</td>
<td>200</td>
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<td>Setting up common facility centre</td>
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<tr>
<td>Handicrafts museum</td>
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<td>Urban Haat</td>
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<tr>
<td>Mini Urban Haat (proposed)</td>
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<tr>
<td>Emporia</td>
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<tr>
<td>New emporia, class A Town</td>
<td>10</td>
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<tr>
<td>New emporia, class B Town</td>
<td>10</td>
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<tr>
<td>New emporia in rented building</td>
<td>10</td>
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<tr>
<td>Renovation of emporia</td>
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<td>Setting up Marketing Hubs in metros</td>
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<td>Setting up of sourcing hubs</td>
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<tr>
<td>Warehousing facility in important locations</td>
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<td>Craft Institute upgradable to University</td>
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<tr>
<td>Integrated Handicraft park</td>
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<tr>
<td>Crafts Village</td>
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<tr>
<td>Five advanced Handicraft training schools</td>
<td>5</td>
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<tr>
<td>Structuring &amp; revitalizing existing institutions into center of excellence &amp; syndication of their activities</td>
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<td>Testing laboratory</td>
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<tr>
<td>Restructuring of Regional Design and Technical centre</td>
<td>5</td>
</tr>
</tbody>
</table>
9.2 Special scheme for the North Eastern Region (NER)

The North Eastern Region is blessed with exquisite handicraft and handicraft textiles has more than 8.87 lakh artisans employed in the sector with production of around 2.4 lakh units contributing around 500 crores to this sector. The important crafts of this region are Cane and Bamboo, Mat weaving, Basketry, wood work, brass craft, artistic textiles/Hand block printing, Tribal jewellery, Stone work, Terracotta, Jute handicrafts, etc.

Although the handicrafts of this region are of good quality, utilitarian in nature and diverse in its range yet they have not gained access to the markets in mainland India/overseas markets. The crafts of this region also suffer on account of logistics problems, difficult terrain and prohibitive cost of transportation of predominantly voluminous products. Thus, there is need for a dedicated scheme that is focused on the development and promotion of handicrafts from the NER. This scheme has been formulated on the basis of the successful pilot project by the EPCH under the EDF scheme of the MoC.

9.2.1 Special needs of the Handicrafts sector in NER

- Assistance for offsetting the high transport cost
- Dedicated and exclusive set up for development and promotion of handicrafts in the states
- Enhance Marketing opportunities through an umbrella organization
- Removing infrastructural bottlenecks like road networks, transport, Internet Connectivity, Power Supply & communication links etc
- Rationalization of Taxes, Tariffs and other levies among all states of NER on items of handicrafts and their input materials
- Setting up of raw material banks, permanent marketing infrastructure like Malls, Urban Haats, Trade Facilitation Centres of International Standards, Warehouses within the NER and in mainland India
- Enhanced allocation to the handicrafts sector by the states
To augment handicraft exports

9.2.2 Objective of the special package for NER

- Integrated and Inclusive model for the overall development and promotion of the Handicraft and Handcrafted Textiles from all the states of North East.
- To promote artisans / entrepreneurs and craftsmen for enterprise development from all the States of North East.
- To create North Eastern Handicrafts and Handmade Textiles Clusters as centre for excellence [based on philosophy of co-operation] with well integrated forward and backward linkages.
- To provide adequate infrastructure support for improved quality and productivity and to enable entrepreneurs / artisans access to a larger market segment, both domestic and international.
- Introduction of institutional framework of development.
- To increase employment opportunities in NER
- Increase competitiveness of NER entrepreneurs and their entry into formal economy.

9.2.3 Major components

1. Capacity Development / Skill Development / Training
   - Awareness Programmes
   - Trainings on Skill Development
2. Design & Product Development
   - Product Development services
   - Trend & Forecasts services
3. Infrastructure Development
   - Setting up of State Initiative Design Centre (SIDC)
   - Setting up of Design Bank
   - Setting up of Raw Material Bank
   - Setting up of Common Facility Centres / Facility Centre for exporters / entrepreneur
   - Resource Centre
4. Market Access
   - Commercial Market Intelligence & Support
Working group report on Handicrafts for the 12th Five Year Plan

- Product Specific Shows / BSMs / RBSMs / Folk Craft Festivals / National Shows
- Publicity & Brand Promotion
- Generic Promotion
- Opening of warehouse
- International Crafts Complex
- E-Commerce

### 9.2.4 Eligibility

- **Capacity Development/ Skill Development/ Training**
  - Bamboo & Cane Development Institute (BCDI), Agartala / NEDFI or any other specialized institutions such as EDI

- **Design & Product Development**
  - National level design institutions such as NCDPD / NIFT / Pearl Academy etc.

- **Infrastructure Development**
  - SPV or suitable registered existing entity or its SPV on PPP basis.

- **Market Access**
  - Export Promotion Council for Handicrafts, State Corporations, NEHHDC or other specialized registered bodies / NGO’s or SPVs.

### 9.2.5 Targets for the NER scheme

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Activity</th>
<th>1st Year</th>
<th>2nd Year</th>
<th>3rd Year</th>
<th>4th Year</th>
<th>5th Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CREATION OF SKILLED / TRAINED MANPOWER / SUCCESSFUL MARKETER / EXPORTER</td>
<td>450 - 500</td>
<td>1000 – 1500</td>
<td>2500 - 3000</td>
<td>3500 – 4000</td>
<td>4500 - 5000</td>
</tr>
<tr>
<td>2.</td>
<td>ADDITIONAL EMPLOYMENT</td>
<td>12,500</td>
<td>52,500</td>
<td>1,50,000</td>
<td>3,00,000</td>
<td>4,50,000</td>
</tr>
<tr>
<td>3.</td>
<td>EXPORT TARGETS / EARNING THROUGH DOMESTIC MARKET</td>
<td>Rs. 500 – 750</td>
<td>Rs. 750 – 1000</td>
<td>Rs. 1000 – 1500</td>
<td>Rs. 1500 – 2000</td>
<td>Rs. 1500 – 2500</td>
</tr>
</tbody>
</table>
Working group report on Handicrafts for the 12th Five Year Plan
Working group report on Handicrafts for the 12th Five Year Plan
## 10 Financial outlay

The financial outlay for the 12th plan is presented first scheme-wise and then overall. The details are as follows:

### 1. Baba Saheb Ambedkar Hastshilp Vikas Yojna

Proposed outlay for AHVY scheme: 675.00 cr.

<table>
<thead>
<tr>
<th>Components</th>
<th>Unit</th>
<th>Proposed no of units per year</th>
<th>No of artisans per cluster</th>
<th>Total Financial Outlay (in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tier I Cluster</td>
<td>No of clusters</td>
<td>100</td>
<td>500</td>
<td>45000</td>
</tr>
<tr>
<td>2. Tier II Cluster</td>
<td>No of clusters</td>
<td>20</td>
<td>1000</td>
<td>18000</td>
</tr>
<tr>
<td>3. Tier III cluster</td>
<td>No of clusters</td>
<td>1</td>
<td>5000</td>
<td>4500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>67500</strong></td>
</tr>
</tbody>
</table>

### 2. Design and Technology up-gradation scheme

The total financial outlay for the DTUs scheme for 12th plan period is INR 146.81 ct

<table>
<thead>
<tr>
<th>Components</th>
<th>No of programmes in 5 years</th>
<th>Cost per unit (lakh)</th>
<th>Total Financial Outlay (INR lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Financial assistance to central government sponsored institutions.</td>
<td>Lump sum</td>
<td>-</td>
<td>5000.00</td>
</tr>
<tr>
<td>2. School Programs</td>
<td>300</td>
<td>0.02</td>
<td>6.00</td>
</tr>
<tr>
<td>3. Assistance for training to trainers</td>
<td>50</td>
<td>2.00</td>
<td>100.00</td>
</tr>
<tr>
<td>4. Financial assistance supply/ dissemination of tools, equipment and process technologies</td>
<td>50000</td>
<td>0.01</td>
<td>500.00</td>
</tr>
<tr>
<td>5. Assistance for Design and Technology Up-gradation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Design and technology development workshop</td>
<td>1150</td>
<td>3.00</td>
<td>3450.00</td>
</tr>
<tr>
<td>b. Integrated design and technology development project</td>
<td>200</td>
<td>10.00</td>
<td>2000.00</td>
</tr>
<tr>
<td>6. National Award &amp; Shilp Guru Award for outstanding contribution in Handicrafts sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. National Award</td>
<td>100</td>
<td>1.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>
## Components

<table>
<thead>
<tr>
<th>Components</th>
<th>No of programmes in 5 years</th>
<th>Cost per unit (lakh)</th>
<th>Total Financial Outlay (INR lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B Shilp Guru Award</td>
<td>50</td>
<td>2.00</td>
<td>100.00</td>
</tr>
<tr>
<td>C Assistance to Shilp Gurus</td>
<td>50</td>
<td>5.00</td>
<td>250.00</td>
</tr>
<tr>
<td>d Merit Certificates</td>
<td>100</td>
<td>0.50</td>
<td>50.00</td>
</tr>
<tr>
<td>7. Product development</td>
<td>125</td>
<td>15.00</td>
<td>1875.00</td>
</tr>
<tr>
<td>8. Digitisation</td>
<td></td>
<td>-</td>
<td>500.00</td>
</tr>
<tr>
<td>9. Commercial Market intelligence by way of design, trend and technical colour forecast</td>
<td></td>
<td>-</td>
<td>750.00</td>
</tr>
</tbody>
</table>

**TOTAL FINANCIAL OUTLAY**  
14681.00

### 3. Marketing Support and Services scheme

Proposed financial outlay for MSS scheme: 765.9 cr

<table>
<thead>
<tr>
<th>Scheme components</th>
<th>Financial outlay (in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Marketing</td>
<td>257.4</td>
</tr>
<tr>
<td>International Marketing</td>
<td>457</td>
</tr>
<tr>
<td>Publicity</td>
<td>31.5</td>
</tr>
<tr>
<td>Brand Promotion</td>
<td>20</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>765.9</strong></td>
</tr>
</tbody>
</table>

### 4. Human Resource Development Scheme

The total financial outlay of the HRD scheme is 201.25 cr.
<table>
<thead>
<tr>
<th></th>
<th>Training through established institutions</th>
<th>20</th>
<th>125.00</th>
<th>2500.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Skill development programs</td>
<td>1250</td>
<td>3.00</td>
<td>3750.00</td>
</tr>
<tr>
<td>3</td>
<td>Training of artisans/ SHG leaders/ NGO in capacity building</td>
<td>2500</td>
<td>3.00</td>
<td>7500.00</td>
</tr>
<tr>
<td>4</td>
<td>Conducting seminars/workshops</td>
<td>150</td>
<td>2.50</td>
<td>375.00</td>
</tr>
<tr>
<td>5</td>
<td>Training through Guru Shishya Parampara</td>
<td>1500</td>
<td>3.00</td>
<td>4500.00</td>
</tr>
<tr>
<td>6</td>
<td>Design Mentorship and Apprentice program</td>
<td>Lump sum</td>
<td>-</td>
<td>1500.00</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>20125</strong></td>
</tr>
</tbody>
</table>
5. **Handicrafts Artisans Comprehensive Welfare Schemes**

Total financial outlay for the 5 years will be 1207.65 cr

<table>
<thead>
<tr>
<th>Scheme Components</th>
<th>Cost per artisan (INR)</th>
<th>Target no of beneficiaries in 5 years</th>
<th>Proposed financial outlay for five years (cr.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rajiv Gandhi Shilpi Swasthya Bima Yojana (RSSBY)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) General category</td>
<td>(a) 1000</td>
<td>(a) 900000</td>
<td>(a) 450</td>
</tr>
<tr>
<td>(b) SC/ST category</td>
<td>(b) 1250</td>
<td>(b) 600000</td>
<td>(b) 375 Total – 825.00</td>
</tr>
<tr>
<td>Janshree Bima Yojana (JBY)</td>
<td>150</td>
<td>500000</td>
<td>37.50</td>
</tr>
<tr>
<td>ID Card</td>
<td>100</td>
<td>500000</td>
<td>25.00</td>
</tr>
<tr>
<td>Credit Guarantee Scheme</td>
<td>Lumpsum</td>
<td>-</td>
<td>30.00</td>
</tr>
<tr>
<td>Pension scheme</td>
<td>365</td>
<td>500000</td>
<td>273.75</td>
</tr>
<tr>
<td>Distress Fund</td>
<td>Lumpsum contribution to corpus fund</td>
<td></td>
<td>10.00</td>
</tr>
<tr>
<td>Financial assistance to artisans in indigent circumstances</td>
<td>24000</td>
<td>750</td>
<td>54.00</td>
</tr>
<tr>
<td>Interest subvention scheme</td>
<td>Lumpsum provision for pilot</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>-</td>
<td>-</td>
<td>1207.65</td>
</tr>
</tbody>
</table>

6. **Research and Development Scheme**

The total financial outlay of the R&D scheme is 90 cr.

7. **Infrastructure and Technology Development Scheme**

Proposed outlay for infrastructure and technology scheme: 897.00 cr.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Components</th>
<th>Unit</th>
<th>Proposed no of units in 5 years</th>
<th>Per unit cost (INR Lakh)</th>
<th>Total Financial Outlay (in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establishment of craft based resource centre</td>
<td>No of resource centers</td>
<td>15</td>
<td>100</td>
<td>1500</td>
</tr>
<tr>
<td>2</td>
<td>Setting up raw material bank</td>
<td>No of raw material banks</td>
<td>50</td>
<td>200</td>
<td>10000</td>
</tr>
<tr>
<td>3</td>
<td>Setting up of facility centers by exporters/ entrepreneurs</td>
<td>No of facilities centres</td>
<td>200</td>
<td>40</td>
<td>8000</td>
</tr>
<tr>
<td>4</td>
<td>Setting up common facility centre</td>
<td>No of CFCs</td>
<td>25</td>
<td>500</td>
<td>12500</td>
</tr>
</tbody>
</table>
## Working group report on Handicrafts for the 12th Five Year Plan

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Components</th>
<th>Unit</th>
<th>Proposed no of units in 5 years</th>
<th>Per unit cost (INR Lakh)</th>
<th>Total Financial Outlay (in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Handicrafts museum</td>
<td>No of museums</td>
<td>10</td>
<td>50</td>
<td>500</td>
</tr>
<tr>
<td>6</td>
<td>Urban Haat</td>
<td>No of Haats</td>
<td>10</td>
<td>350</td>
<td>3500</td>
</tr>
<tr>
<td>7</td>
<td>Mini Urban Haat (proposed)</td>
<td>No of Haats</td>
<td>30</td>
<td>140</td>
<td>4200</td>
</tr>
<tr>
<td>8</td>
<td>Emporia</td>
<td></td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>New emporia, class A Town</td>
<td>No of emporia</td>
<td>10</td>
<td>50</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>New emporia, class B Town</td>
<td>No of emporia</td>
<td>10</td>
<td>40</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>New emporia in rented building</td>
<td>No of emporia</td>
<td>10</td>
<td>15</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>Renovation of emporia</td>
<td>No of emporia</td>
<td>15</td>
<td>10</td>
<td>150</td>
</tr>
<tr>
<td>9</td>
<td>Setting up Marketing Hubs in metros</td>
<td>No of hubs</td>
<td>5</td>
<td>1000</td>
<td>5000</td>
</tr>
<tr>
<td>10</td>
<td>Setting up of sourcing hubs</td>
<td>No of hubs</td>
<td>5</td>
<td>500</td>
<td>2500</td>
</tr>
<tr>
<td>11</td>
<td>Warehousing facility in important locations</td>
<td>No of warehouses</td>
<td>5</td>
<td>300</td>
<td>1500</td>
</tr>
<tr>
<td>12</td>
<td>Craft Institute upgradable to University</td>
<td>Lumpsum per year grant</td>
<td></td>
<td></td>
<td>3000</td>
</tr>
<tr>
<td>13</td>
<td>Integrated Handicraft park</td>
<td>No of parks</td>
<td>5</td>
<td>2500</td>
<td>9500</td>
</tr>
<tr>
<td>14</td>
<td>Crafts Village</td>
<td>No of villages</td>
<td>5</td>
<td>1000</td>
<td>5000</td>
</tr>
<tr>
<td>15</td>
<td>Five advanced Handicraft training schools</td>
<td>No of schools</td>
<td>5</td>
<td>1000</td>
<td>4800</td>
</tr>
<tr>
<td>16</td>
<td>Structuring &amp; revitalizing existing institutions into center of excellence &amp; syndication of their activities</td>
<td>No of institutes</td>
<td>5</td>
<td>2000</td>
<td>10000</td>
</tr>
<tr>
<td>17</td>
<td>Testing laboratory</td>
<td>No of Labs</td>
<td>5</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>18</td>
<td>Restructuring of Regional Design and Technical centres.</td>
<td>No of units</td>
<td>5</td>
<td>2000</td>
<td>10000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>89700</strong></td>
</tr>
</tbody>
</table>

### 8. Special scheme for the North Eastern Region (NER)

Proposed outlay for NER scheme is RS. 120 cr.

<table>
<thead>
<tr>
<th></th>
<th>Activity</th>
<th>Amount (INR LAKH)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capacity Development, Training of Artisans / Human Resource Development / Skill Development Programmes</td>
<td>450.00</td>
</tr>
<tr>
<td>2</td>
<td>Design &amp; Technology Development, Services of International Designers / consultants, for Design &amp; Product Development Services &amp; Marketing of the products</td>
<td>1500</td>
</tr>
<tr>
<td>3</td>
<td>Setting up of State Initiative Design Centre (Total 8 SIDC, 1 SIDC each state)</td>
<td>800.00</td>
</tr>
<tr>
<td>4</td>
<td>Setting up of Design Bank (Total 8 Design Bank, 1 Design Bank each state)</td>
<td>480.00</td>
</tr>
<tr>
<td>5</td>
<td>Setting up of Raw Material Bank (Total 8 Raw Material Bank, 1 RMB each state)</td>
<td>1600.00</td>
</tr>
<tr>
<td></td>
<td>Activity</td>
<td>Amount (INR LAKH)</td>
</tr>
<tr>
<td>---</td>
<td>------------------------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>6</td>
<td>a) Setting up of Common Facility Centre in cluster (Total 8, one in each state)</td>
<td>2000.00</td>
</tr>
<tr>
<td></td>
<td>b) Facility Centre for Exporters / Entrepreneur 2 each in 8 states</td>
<td>480.00</td>
</tr>
<tr>
<td>7</td>
<td>Marketing:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Participation in int’l. shows</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii) Participation in national shows</td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii) Organization of Buyer Seller Meet (BSM)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>iv) Organization of Folk Craft Festivals</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>E-Commerce (Web Portal, Online Trading)</td>
<td>550.00</td>
</tr>
<tr>
<td>9</td>
<td>Setting up of International Craft Complex at Guwahati on PPP Model</td>
<td>1500.00</td>
</tr>
<tr>
<td>10</td>
<td>Recurring and unforeseen expenses for operational zing the scheme (3% of the total project cost)</td>
<td>368.286</td>
</tr>
<tr>
<td>11</td>
<td>Project Management Services / coordination &amp; project evaluation (Max. 5% of the project cost)</td>
<td>613.81</td>
</tr>
<tr>
<td>12</td>
<td>Identification of craftmen / entrepreneurs &amp; preparation of Business Plan, DPR for each cluster (3% of the total project cost)</td>
<td>368.286</td>
</tr>
</tbody>
</table>

**TOTAL PROJECT COST**

12009

**Total financial outlay for 12th plan period is proposed as 4519.06 cr.**

<table>
<thead>
<tr>
<th>Name of the scheme</th>
<th>Total Financial Outlay (INR cr)</th>
<th>Liabilities (INR cr)</th>
<th>Total Planed expenditure (INR Cr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Design and Technology Up-gradation Scheme</td>
<td>146.81</td>
<td>11.00</td>
<td>157.81</td>
</tr>
<tr>
<td>2 Marketing Support and Services Scheme</td>
<td>765.90</td>
<td>14.95</td>
<td>780.85</td>
</tr>
<tr>
<td>3 Human Resource Development Scheme</td>
<td>201.25</td>
<td>15.00</td>
<td>216.25</td>
</tr>
<tr>
<td>4 Artisan Welfare Schemes</td>
<td>1207.65</td>
<td>0.00</td>
<td>1207.65</td>
</tr>
<tr>
<td>5 Infrastructure Scheme</td>
<td>897.00</td>
<td>0.00</td>
<td>897.00</td>
</tr>
<tr>
<td>6 Baba Sahib Ambedker Hastshilp Vikas Yojna</td>
<td>675.00</td>
<td>367.00</td>
<td>1042.00</td>
</tr>
<tr>
<td>7 Special Package for NER</td>
<td>120.00</td>
<td>0.00</td>
<td>120.00</td>
</tr>
<tr>
<td>8 Research and Development</td>
<td>90.00</td>
<td>7.50</td>
<td>97.50</td>
</tr>
<tr>
<td>Total Financial Outlay</td>
<td>4103.61</td>
<td>415.45</td>
<td>4519.06</td>
</tr>
</tbody>
</table>
## 11 Annexure

### 11.1 Annex 1: Component-wise details of eligibility and financial allocations for existing schemes of DC(H)

#### 11.1.1 Marketing Supply and Services Scheme (MSS)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Applicable financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Craft Bazaar</td>
<td>• Central/ State Handicrafts COHANDS/Apex Societies / NGOs provided they are engaged in development and promotion of handicrafts in the last 3 years, moreover craft bazaar is sanctioned to only those organization who have organized the event in the past with assistance from office</td>
<td>• INR 13.5 lakh for 10 days Bazaar - 150 participants</td>
</tr>
<tr>
<td>2</td>
<td>Exhibitions</td>
<td>• Central/ State Handicrafts COHANDS/ Apex Societies/ NGOs provided they are engaged in development and promotion of handicrafts in the last 3 years.</td>
<td>• INR 2.2 lakh for 7-10 days exhibitions - 15 artisans (11 for sale and 4 for demonstration)</td>
</tr>
<tr>
<td>3</td>
<td>Sourcing Show</td>
<td>• Export Promotion Councils, Central/ State Handicraft Development Corporation / Trade Promotion Bodies like CII, FICCI or organizations under the aegis of Ministry of Textiles like COHANDS etc.</td>
<td>• INR 35 lakh for 5-10 days show with around 200 producer groups</td>
</tr>
<tr>
<td>4</td>
<td>Hiring of built up space in established important events organized by other organizations</td>
<td>Departmental activity</td>
<td>• The rent/ cost of the space being acquired will be met by the office of DC (Handicrafts) on actual basis from other charge head</td>
</tr>
</tbody>
</table>

*Departmental activity* – The marketing centres/ regional offices/ Hqrs. will also organize above marketing events departmentally in case of need as a special case and 100% fund will be sanctioned as advance from other charges head.
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Applicable financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Service charges for implementing agencies organizing marketing events</td>
<td>•</td>
<td>• 2% of total admissible expenditure subject to max of INR 25000/- towards service charges will be paid to the implementing agency organizing events</td>
</tr>
<tr>
<td>6</td>
<td>Insurance cover for artisans participating in marketing events</td>
<td>•</td>
<td>• Insurance premium for insurance of artisanal products up to the value of INR 50 lakh will be borne by the implementing agency</td>
</tr>
</tbody>
</table>

**B. Marketing Infrastructure**

<table>
<thead>
<tr>
<th>1</th>
<th>Urban Haat</th>
<th>• Agencies like Handicrafts/ Handloom Development Corporations, Tourist Development Corporations with sufficient financial resources and organizational capacity to implement such projects</th>
<th>• Max financial ceiling of INR 300 lakh is available with Govt share of 70 % and 30% by the State Govt.</th>
</tr>
</thead>
</table>
| 2     | Emporia                                                                   | • Central/ State Handicrafts Corporation/ Apex Co-operative Societies & Handicraft Artisans Federations | • New emporia(own building) – INR 50 lakh  New emporia(rented building) – INR 20 lakh and Renovation/Expansion of emporia –INR 15 lakh  
• (note: with Govt share of 50 % and 50% by the State Govt for each of the above) |
| 3     | Setting up Marketing Hubs in metros                                       | • Export Promotion Councils/ COHANDS/ Central/ State Corporations/ Export Association/ Chamber of Commerce, etc will be eligible to implement either on their own or through an SPV | • Setup on PPP mode                                                                                  |
| 4     | Setting up of sourcing hubs in clusters                                    | • Export Promotion Councils/ COHANDS/ Central/ State Corporations/ Export Association/ Chamber of Commerce, etc will be eligible to implement either on their own or through an SPV | • Setup on PPP mode                                                                                  |
| 5     | Warehousing facility in important locations                                | • Export Promotion Councils/ COHANDS/ Central/ State Corporations/ Export Association/ Chamber of Commerce, etc will be eligible to implement either on their own or through an SPV | • Marketing Hub in Metros: 25% of project cost subject to max. of INR 10 crore  
• Sourcing in Hub Clusters: 25% of project cost subject to max. of INR 5 crore  
• Warehousing facilities: 25% of project cost subject to max. of INR 3 crore |

**C. Marketing Services – Field offices of Dc (H)**

| National level marketing Workshop | • For participants up to 200 a financial ceiling of INR 15 lakh is available |
| State level marketing workshop    | • For participants up to 100 a financial ceiling of INR 2 lakh is available |
| Local level marketing workshop    | • For participants up to 50 a financial ceiling of INR 0.5 lakh is available |

**2. International marketing**

<p>| Workshop and training | • The Export Promotion Councils, IIFT, IIP, IICT, State | • The financial assistance will be up to a max of INR 1.5 lakh |</p>
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Applicable financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Craft exchange programme</td>
<td>• Export Promotion Councils, Central/State Handicrafts Corporation, Trade Promotion Bodies such as CII, Chamber of Chamber, Craft Council, etc. and institutions like IICT, NIFT, NID, CDPD, COHANDS, etc.</td>
<td>• Financial assistance is applicable for airfare in economic class, DA as per Govt rules, local hospitality, space rent, consultation fee documentation charges as per need on actual basis</td>
</tr>
<tr>
<td>C</td>
<td>Workshop/ seminar in India and abroad</td>
<td>• EPCH, CEPC, Central/State Handicrafts Corporations</td>
<td>• Financial assistance is permissible on designs, professional fee, to and fro Air fare/DA venue charges, local conveyance, TA/DA of participants, refreshment, lunch invitation, sound, workshop, tools, insurance etc</td>
</tr>
<tr>
<td>D</td>
<td>International Marketing Events</td>
<td>a) Participation in international fairs and exhibition abroad</td>
<td>• EPCs, Trade Promotion Organisations, Central/State Handicrafts Corporations, Entrepreneurs, SHGs Federations, National Awardee, Craftpersons, Shilp Guru (conditions apply)</td>
</tr>
<tr>
<td></td>
<td>b) Stand alone shows/ road shows, etc</td>
<td>• EPCs, Central/State Handicrafts Corporations and Trade Promotion Bodies, etc.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) Reverse buyers sellers meet</td>
<td>• Master craft persons</td>
<td>• Financial assistance to the tune of INR 35 lakh as max limit per event will be permissible towards domestic/international print as well as electronic publicity of the International fairs/BSMs, space rent, etc</td>
</tr>
<tr>
<td></td>
<td>d) Cultural exchange programme</td>
<td>• EPCH/CEPC/Exporters Association/Chamber of Commerce/IICT/NCDPD/Institution like IIFT, etc.</td>
<td>• The terms and conditions are decided by the Govt of India and other countries</td>
</tr>
<tr>
<td></td>
<td>e) Market studies abroad</td>
<td>• The financial assistance is considered for TA/DA for up to 4 years, their boarding/lodging, desk research, collection of sample in India &amp; abroad subject to a ceiling of INR 15 lakh per event</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Social and other welfare measures</td>
<td>• Export Promotion Council for carpets and handicrafts</td>
<td>• Assistance is based on actual need and requirement and is considered on merit of the proposal</td>
</tr>
<tr>
<td>C. Publicity</td>
<td>1 Publicity and marketing</td>
<td>• Publicity to be made by Office of the Development Commissioner (Handicrafts) as well as through Central/State Handicrafts Corporations and CEPC/EPCH, etc.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Items</th>
<th>Financial ceiling (INR lakh)</th>
<th>Funding pattern</th>
<th>No. of Copies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalogues</td>
<td>6.00</td>
<td>75:25</td>
<td>5,000</td>
</tr>
<tr>
<td>Brochures</td>
<td>4.50</td>
<td>75:25</td>
<td>10,000</td>
</tr>
<tr>
<td>Folders</td>
<td>3.00</td>
<td>75:25</td>
<td>10,000</td>
</tr>
</tbody>
</table>
### S. No. | Component | Criteria | Applicable financial assistance
--- | --- | --- | ---
| | | | Maps of Crafts 6.00 75:25 5,000
| | | | Books (5) No limit 100% ----
| | | | Catalogue in CD form 6.00 75:25 5,000
| | | | Films 15.00 75:25 15-30 minutes
| | | | Catalogues 6.00 75:25 5,000
| | | | Video Films No limit 100% ---
| | | | Website 10.00 75:25 ---
| | | | Editorial in Magazine 5.00 100% Subject to actual
| | | | Fashion Show ---- 100% Subject to actual
| | | | Advertisements released ---- 100% Subject to actual
| | | | Design & Artwork 0.50 100% Subject to actual

*Source: Scheme of Office of the Office of the Development Commissioner (Handicrafts), MoT, GOI*

#### 11.1.2 Babasaheb Ambedker Hastshilp Vikas Yojna (AHVY)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part I: Social interventions</strong></td>
<td>Diagnostic survey and formulation of project plan &amp; community empowerment for mobilization of artisans into Self Help Groups (SHGs)</td>
<td>• Implementing partners for the purpose will be identified and finalized by a committee headed by AS &amp; FA with DC(H) &amp; ADC(H)</td>
<td>• INR 500.00 per artisans subject to max. of INR 1.50 lakh per cluster up to a cluster size of 500 artisans. An additional assistance of INR 300 per artisan for clusters having more than 500 artisans.</td>
</tr>
<tr>
<td>2</td>
<td>Issue of identity cards</td>
<td>• Agencies to be identified by DC (H)</td>
<td>• INR 25 max. per card</td>
</tr>
<tr>
<td><strong>Part II: Social interventions</strong></td>
<td>Development and supply of improved modern tools</td>
<td>As per the general eligibility described above</td>
<td>• INR 5,000 per tool kit</td>
</tr>
<tr>
<td>2</td>
<td>Design and technical development workshops</td>
<td>As per the general eligibility described above</td>
<td>• 100% assistance</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>• INR 1,80,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designer fee Ta/ DA, etc</td>
<td>60,000</td>
</tr>
<tr>
<td>Cost of raw material (15 prototype x 2 sets)</td>
<td>30,000</td>
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<tr>
<td>Cost of documentation</td>
<td>10,000</td>
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<tr>
<td>Wage compensation for 30 participants, @150 per day for 15 days</td>
<td>67,500</td>
</tr>
<tr>
<td>S. No.</td>
<td>Component</td>
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<td>3</td>
<td>Integrated and technical development project</td>
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<tr>
<td>4 a)</td>
<td>Training for handicrafts other than carpets</td>
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<td>S. No.</td>
<td>Component</td>
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<tr>
<td>4 b)</td>
<td>Training for carpets</td>
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<tr>
<td>5</td>
<td>Organising seminar and symposium</td>
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</tr>
</tbody>
</table>
## Technological status and need based study with provision for need based research

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Technological status and need based study with provision for need based research</td>
<td>As per the general eligibility described above</td>
<td>INR 5.00 lakh per programme</td>
</tr>
</tbody>
</table>

### Part III: Marketing interventions

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
</table>
| 1      | Organising exhibitions | As per the general eligibility described above | • No of artisans – 15 (including 4-5 for demonstration)  
• Duration of programme – 10 days minimum |

|  | For States other than J&K and NER | INR 1,85,000 per event with 25% share of the implementing agency |
|  | For organizations from J&K and NER (if outside their region) | INR 1,85,000 per event and INR 2,000 per artisan subject to max of 30,000 as transportation charges  
Total – INR 2,15,000 |
|  | For organizations from J&K and NER (if within their region) | INR 1,85,000 per event with 25% share of the implementing agency. TA/ DA only for artisans invited for live demonstration |

<table>
<thead>
<tr>
<th>Type</th>
<th>No. of copies</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catalogues</td>
<td>3,000</td>
<td>3,60,000</td>
</tr>
<tr>
<td>Brochures</td>
<td>5,000</td>
<td>2,25,000</td>
</tr>
<tr>
<td>Folders</td>
<td>5,000</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Craft maps</td>
<td>3</td>
<td>3,60,000</td>
</tr>
<tr>
<td>Craft directory</td>
<td>3</td>
<td>3,60,000</td>
</tr>
<tr>
<td>Launching of website</td>
<td>NA</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Allied hardware and equipments worth INR 2,00,000</td>
<td>NA</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Creation of CD Rom</td>
<td>NA</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Making of video film 15 min duration</td>
<td>NA</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Catalogue shows on internet</td>
<td>NA</td>
<td>8,00,000</td>
</tr>
<tr>
<td>Printing of books on crafts, advertisements, etc</td>
<td>On merit basis. Govt: Partner share (75:25)</td>
<td></td>
</tr>
</tbody>
</table>

- Government assistance is 75%  
- Duration of programme – 10 days minimum

| 3 | Marketing assistance through  
• Central/ State Handicraft Development Corporation  
• Emporia in own building -50% of project cost subject to |
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>245</td>
<td>setting up of emporia</td>
<td>, Apex co-operative societies and organizations of artisans, federations, etc.</td>
<td>maximum of INR 23 lakh</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Emporia in rented building -50% of project cost subject to maximum of INR 11.5 lakh</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Renovation and extension of existing emporia after 5 years -50% of project cost subject to maximum of INR 5.75 lakh</td>
</tr>
<tr>
<td>4 a)</td>
<td>Market assessment and product study tour for the artisans/stakeholders</td>
<td>• As per the general eligibility described above</td>
<td>• INR 4.00 lakh</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 100% assistance</td>
</tr>
<tr>
<td>4 b)</td>
<td>Study cum exposure tour</td>
<td>• As per the general eligibility described above</td>
<td>• Case to case basis</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 100% assistance</td>
</tr>
<tr>
<td>5</td>
<td>Establishment of warehousing facility and common workshed</td>
<td>• As per the general eligibility described above</td>
<td>• INR 1.00 lakh per workshed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 100% assistance</td>
</tr>
<tr>
<td>6</td>
<td>Entrepreneurship development programme</td>
<td>• As per the general eligibility described above</td>
<td>• INR 2.00 lakh per batch (20 artisans)</td>
</tr>
</tbody>
</table>

**Part IV: Financial interventions**

1. **Margin money support**
   - Association of SHGs at the cluster level, entities like SPV/ Company registered under section 25 of the company act, cooperatives, etc created by the artisans
   - INR 4,000 per artisan with max. ceiling of INR 5.00 lakh per Cluster

2. **Wage compensation to cluster manager**
   - As per the general eligibility described above
   - INR 2756/- per month for 60 months payable annually on reimbursement basis

3. **Service charges to implementing agencies**
   - As per the general eligibility described above
   - 5% of total amount released during the project period with higher ceiling of INR 1.00 lakh for projects implemented up to INR 25.00 lakh and of INR 1.50 lakh for projects of more than INR 25.00 lakh

4. **Engagement of expert/consultants/institutions, etc for providing need based assistance including guiding and monitoring**
   - Professionally managed consultancies of National/International repute
   - Professionals, management consultants etc., those who possess a good track record in working with artisans cluster based activities
   - Entrepreneur agencies of repute with sound resources and background on handicraft sector/socio-economic sector
   - Government agencies/ Government sponsored Agencies like DRDA, RGVN etc with good track record.
   - NGOs of National/International repute with good track record
   - Agencies involved in successful implementation of AHVY
   - INR 5.00 lakh and for continuous assistance –INR 1.00 lakh per year
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Credit guarantee scheme for handicrafts artisans</td>
<td>• Successful implementation Agencies working with other Ministries • The handicraft artisans/ manufactures/ producers/ SHG who are engaged in manufacturing activities in Handicrafts sector</td>
<td>• One time guarantee fees at specified rates (currently 1.5%) of the credit facility sanctioned • Annual Service fees at specified rates (currently 0.75%)</td>
</tr>
</tbody>
</table>

**Part V: Cluster specific interventions**

| 1 | Establishment of craft based resource centre | • NGO/ Government autonomous bodies/ Council/ Apex bodies and SPV promoted by banks/ financial institutions and corporate bodies, Govt Joint ventures, Societies/ Trust, Consortium of NGOs/ Institute and Universities Department in addition to the existing eligible organizations under AHVY | • INR 100 lakh |
| 2 | Setting up – e-kiosk | • Govt. joint ventures, societies, trusts, NGOs, consortium & other organizations having experience | • INR 3.50 lakh (one time grant) |
| 3 | Setting up raw material bank | • NGO/ Government autonomous bodies/ Council/ Apex bodies, SPV promoted by banks/ financial institutions and corporate bodies/ State Handloom & Handicraft Corporation/ Govt Joint ventures, Societies/ Trust, Consortium of NGOs/ Exporters bodies/ associations of exporters, etc registered under relevant acts. | • INR 200 lakh • 100% assistance |
| 4 | Setting up common facility centre | • As per the general eligibility described above | • INR 60.00 lakh • 100% assistance |
|     | **Items** | **Amount** |
|     | Building (land to be provided either by beneficiaries or State Govt./ Panchayat) | 10,00,000 |
|     | Tools machinery & equipment | 45,00,000 |
|     | Fixed assets | 90,000 |
|     | Expenditure towards training of machine operators | 1,00,000 |
|     | Contingency | 60,000 |
|     | Erection & commissioning | 2,50,000 |
|     | **Total** | **60,00,000** |
| 5 | Setting up of facility centres by exporters/ entrepreneurs | • Exporters and entrepreneurs those are not implementing AHVY concurrently | • INR 60.00 lakh • 30% assistance |
|     | **Items** | **Amount** |
|     | Tools machinery & equipment | 55,00,000 |
|     | Erection and commissioning | 5,00,000 |
### 11.1.3 Design and Technology up-gradation scheme (DTUS)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
</table>
| 1      | Financial assistance to Central Government sponsored institutions | • Committed liability to institutions established during the previous plan viz, BCDI, NCDPD, IICT, Craft Development Institute, Design Development Centre cum Common Facility Centre | • On merit and as per EFC/SFC limits  
• Restricted to the extent of facilitating committed liability for the institutions established during previous plans viz BCDI, NCDPD, CDI, IICT etc |
| 2      | Skill upgrading | | |
| 2 a    | Departmental activities of regional design and technical development centers | | • INR 1.40 lakh per training (covers TA/ DA for participants, faculty charges, transport charges for visiting faculty, course material, raw material for prototype development, etc.  
• Funds released in two installments 80% as advance and remaining on completion, subject to actual expenditure |
| 2 b    | Assistance for training to trainers | | • INR 1.40 lakh per training (covers TA/ DA for participants, faculty charges, transport charges for visiting faculty, course material, raw material for prototype development, etc.  
• 80% as advance and remaining on completion, subject to actual expenditure. |
| 2 c    | Assistance to Shilp Gurus (Heritage Masters) | | • INR 6.00 lakh per Shilp Guru for creation of 5 master pieces  
• 40% as first installment, 40% after completion of the 50% of the project and final installment of 20% on completion of whole project  
• INR 5,000 per kit person  
• Mode of payment as per need and requirement |
<p>| 3      | Financial assistance for development and supply of modern improved tools, equipment and process technologies | | |
| 4      | Assistance for design and technology upgradation | | |
| a)     | Design and Technology Development Workshop | • State/ Central Handicrafts Corporations, Apex Cooperative Societies, Institutions like NID, NIFT IICT, MHSC, SIDCs, EPCH, CEPC as well as NGOs and federation of artisans | Item | Funding |
|        | | | Design and technology upgradation workshops through | INR 1.80 lakh (max) per workshop |</p>
<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
<th>Financial assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Integrated Design and technology development Project</td>
<td>• Institutions like NID, NIFT, IICT, MHSC, SIDCs, EPCH, CEPC as well as NGOs and federation of artisans</td>
<td>Design and technology upgradation workshops through departmental activity</td>
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<td></td>
<td>INR 1.80 lakh (max) per workshop</td>
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<td>• 50% as advance and remaining as reimbursement subject to the admissible expenditure</td>
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<tr>
<td>3</td>
<td>Integrated Design and technology development Project</td>
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<td>Item</td>
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<td></td>
<td>Funding</td>
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<td></td>
<td>For institutions like NID, NIFT, MHSC, SIDC EPCH, CEPC - INR 10.00 lakh (max)</td>
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<td>For entrepreneurs/ exporters/ association of exporters (40% Grant in Aid from GOI and remaining 60% by the implementing agency) INR 4.00 lakh (max) GOI</td>
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<td>• 50% as advance and remaining as reimbursement subject to the admissible expenditure</td>
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<tr>
<td>5</td>
<td>Documentation, preservation and revival of rare and languishing act</td>
<td>• State /Central Handicrafts Corporations , Apex Cooperative Societies, Voluntary Agencies, Institutions like NID, NIFT &amp; other such organizations having knowledge about craft concerned</td>
<td>INR 4.60 lakh</td>
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<td>Funds released in four installments component wise subject to the need.</td>
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<td>6</td>
<td>National Award for outstanding contribution in Handicrafts sector</td>
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<td>INR 1.00 lakh for National Award</td>
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<td>INR 50,000 for merit candidates</td>
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<td>7</td>
<td>Financial assistance for institutions to be set up under State Initiatives</td>
<td>a) State initiative Design Centers • Recommendation of State Govt, agency having substantial contribution in field of arts, craft, culture and possess infrastructure to support SIDC, central agencies don’t require recommendations from State Govt.</td>
<td>Max limit is INR 100 lakh which includes provision for recurring expenditure for 3 years @ 5% of project cost subject to max. of INR 5 lakh per annum (100% by Govt)</td>
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<td>• 50% as advance and balance as reimbursement</td>
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<td>b) Handicrafts museum •</td>
<td>Max limit of INR 50 lakh which will include provision for recurring expenditure for 3 years @ 5% of project cost subject to max. of INR 2.25 lakh per annum</td>
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<td></td>
<td></td>
<td></td>
<td>• 50% as advance and balance as reimbursement</td>
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<td></td>
<td>c) Setting up of Design Bank • Institutions like NIFT, NID, IICT, BCDI, MHSC, NCDPD, SIDC and other similar institutions</td>
<td>INR 60 lakh per design bank which will include provision for recurring expenditure for 3 years @ 5% of project cost subject to max. of INR 3 lakh per annum</td>
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<td></td>
<td></td>
<td></td>
<td>• 50% as advance and balance as reimbursement</td>
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### 11.1.4 Human Resource Development Scheme (HRD)

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<tr>
<th>S. No.</th>
<th>Component</th>
<th>Eligibility</th>
<th>Applicable financial assistance</th>
</tr>
</thead>
</table>
| 1      | Training through established institutions | • Technical training institutes such as industrial training institutes, polytechnic & vocational institutes recognized by Central Govt/ concerned State Government/ Universities and such other affiliated bodies/ institutes run by reputed NGOs/ Rehabilitation institutions, etc  
• Institutes should have at least 3 yrs of experience after recognition in imparting training in carpentry, carpet weaving, block printing, etc.  
• Should have sufficient premises for imparting training.  
• Should have necessary power connection, administrative/ technical staff and systematic syllabus containing theory as well as practicals | • One time non recurring grant for purchase/ installation of machinery and equipment INR 24.00 lakh  
• Yearly recurring grant for 5 years INR 10.64/ 13.90 lakh  
• Overall cost for 5 years per institute INR 77.20 lakh |
| 2      | Training in innovative designs for the persons involved in pattern making/ talim writing/ plaster/ rubber moulds/ block making, etc | • SIDC,IICT,EDI,NID,IIOD,NCDDP,NIFT, Institute of Arts & Crafts, State Handicrafts Development Corporations, Craft Councils, Reputed NGOs, etc | • Non recurring grant of INR 2.5 lakh for duration of 3 months and batch size of 10 trainees. |
| 3      | Training of artisans/ SHG leaders/ NGO in capacity building | • NISSET, EDI, Institute of Packaging, Institute of Management/ Export, Registered Organization Bodies, etc | • Non recurring grant of INR 2 lakh per batch of 20 participants |
| 4      | Scheme: Conducting seminars/ workshops | • Central/ State Govt. Handicrafts corporations  
• Organizations involved in the development of technology and design  
• Reputed NGOs engaged in development of handicrafts, etc. | • Non recurring need based grant.  
• Assistance for seminars/ workshops (rent of venue including electricity, water bills, boarding and lodging charges as well as TA/DA for participants and experts, honorarium for resource persons, study material, refreshment and other expenses like Video CD, Photography, etc). |

*Source: Scheme of Office of the Office of the Development Commissioner (Handicrafts), MoT, GOI*
- Minimum number of participants not less than 100.
- From single organization to be restricted to 5 or less
- Duration of seminar/workshop to be 2 to 5 days

Source: Scheme of Office of the Office of the Development Commissioner (Handicrafts), MoT, GOI
### Comprehensive Artisan Welfare Scheme

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Component</th>
<th>Criteria</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Rajiv Gandhi Shilpi Swasthya Bima Yojana (RGSSBY)</td>
<td>• This will cover the artisans’s family of four, comprising self, and any other three members of the family from amongst the dependent parents, spouse and children&lt;br&gt;• All craft persons whether male or female, between the age group of one day to 80 years&lt;br&gt;<strong>Other conditions</strong>&lt;br&gt;• One artisan family will receive benefit for 3 years&lt;br&gt;• Primacy would be given for renewals. Minimum 80% cases should be renewed&lt;br&gt;• To be implemented for period of five years&lt;br&gt;• RGSSBY for first two years for all categories of artisans&lt;br&gt;• On implementation of Health Insurance Scheme (HIS) of Ministry of Labour for Below Poverty Line (BPL) families, it shall be subsumed with HIS and RGSSBY shall be implemented for non-BPL handicraft artisans for next three years&lt;br&gt;<strong>The coverage</strong>&lt;br&gt;• Payment/ reimbursement of expenses incurred by the artisans in course of medical treatment availed in any hospital or nursing home within the country, subject to limits/ sub-limits.&lt;br&gt;• Cashless facility in empanelled hospitals&lt;br&gt;• A – Personal accident - An insurance cover of INR 100,000 also available for accidental death/disability of the insured artisan&lt;br&gt;• B - Mediclaim:</td>
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<table>
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<tr>
<th>Particulars</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Annual limit per family (1+3) sub limits per family</td>
<td>15,000</td>
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<tr>
<td>All pre-existing diseases</td>
<td>15,000</td>
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<tr>
<td>New diseases maternity benefits (per child for the first two years)</td>
<td>2,500</td>
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<tr>
<td>Dental treatment</td>
<td>250</td>
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<tr>
<td>Eye treatment</td>
<td>75</td>
</tr>
<tr>
<td>Spectacles</td>
<td>250</td>
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<table>
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<tr>
<th>Financial assistance</th>
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</thead>
</table>
| • Government of India (GOI) contribution – INR 650 or INR 725 per annum<br>• Handicraft artisans contribution – INR 150 (general artisans) or INR 75 (artisans belonging to North East Region/ SC/ ST communities/ BPL families per annum<br>• Total premium – INR 800 per annum<br>• Service tax on total premium – at applicable rates<br>• Artisan contribution to be kept at 20% of the accepted bid, rounded off to nearest INR 50 in case of general artisans<br>• The annual premium with respect to artisans belonging to SC, ST, BPL families & NER, will be @50% of the premium being paid by general category artisans<br>• Annual premium sharing pattern is as follows:

<table>
<thead>
<tr>
<th>Zone I States (in INR)</th>
<th>Zone II States (in INR)</th>
</tr>
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<tbody>
<tr>
<td>Fund Contribution</td>
<td>For General</td>
</tr>
<tr>
<td>GOI + ST</td>
<td>586+75.81</td>
</tr>
<tr>
<td>Handicraft artisan</td>
<td>150</td>
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<tr>
<td>Total premium (inc ST)</td>
<td>736+75.81</td>
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<tr>
<td>S. No.</td>
<td>Component</td>
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<td>--------</td>
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<tr>
<td></td>
<td>Domiciliary hospitalization</td>
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<tr>
<td></td>
<td>Ayurvedi/ Unani/ Homeopathic/ Siddha/ Pre-hospitalization and post</td>
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<tr>
<td></td>
<td>Hospitalization</td>
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<tr>
<td></td>
<td>Baby coverage</td>
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<td></td>
<td>OPD</td>
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<td></td>
<td>Limit per illness</td>
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<td>Baby coverage</td>
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</table>


- All craft persons whether male or female, between the age group of one day to 80 years

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (per member)</th>
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<tbody>
<tr>
<td>Cover for natural death</td>
<td>30,000</td>
</tr>
<tr>
<td>Cover for accidental death or permanent disability</td>
<td>75,000</td>
</tr>
<tr>
<td>Cover for partial disability due to accident</td>
<td>37,500</td>
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<tr>
<td>Associated scheme of LIC – “Siksha Sahyog Yojana” Scholarship @ Rs 300 per quarter per child for two children from Class IXth to Class XII or max period of 4 years</td>
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</tbody>
</table>

3. Financial Assistance to Master craft persons (Pension Scheme) in indigent circumstances

- National Awardees/ NMC/ State Awardees of age 60 years and above are eligible.
- Annual Income from all sources should be less than INR15,000 per year.
- Financial assistance of INR 1000/- per month

Source: Scheme of Office of the Office of the Development Commissioner (Handicrafts), MoT, GOI
### 11.2 Order of constitution of the Working Group

It has been decided to constitute a Working Group on Handicraft Sector for the Twelfth Five Year Plan with a view to strengthening the sectors and achieving the objectives laid down in the approach paper for 12th Plan.

The composition of Working Group is as under:

<table>
<thead>
<tr>
<th>No.</th>
<th>Chairperson</th>
<th>Co-chair</th>
<th>Member</th>
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<tbody>
<tr>
<td>1.</td>
<td>Secretary (Textiles)</td>
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<td>3.</td>
<td>Adviser (V&amp;SE), Planning Commission</td>
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<tr>
<td>4.</td>
<td>Principal Secretary, I&amp;CC, Govt. of J&amp;K</td>
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<td>5.</td>
<td>Principal Secretary, I&amp;CC, Govt. of Uttar Pradesh</td>
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<td>6.</td>
<td>Secretary, Textiles, Govt. of Orissa</td>
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<td>7.</td>
<td>Representative from Mo DoNER</td>
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<td>8.</td>
<td>Representative from Mo of RD (Saras-Capart)</td>
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<tr>
<td>9.</td>
<td>Executive Director, (NID), Ahmedabad</td>
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<td>10.</td>
<td>MD (NABCON)</td>
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<td>11.</td>
<td>MD, Small Industries Development Bank of India (SIDBI)</td>
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<td>12.</td>
<td>Executive Director, Carpet Export Promotion Council (CEPC)</td>
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<td>13.</td>
<td>Executive Director, Export Promotion Council for Handicrafts (EPCH)</td>
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<tr>
<td>14.</td>
<td>Managing Director, North Eastern Handicrafts &amp; Handloom Dev. Corp. (NEHHDC)</td>
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<td>15.</td>
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<tr>
<td>16.</td>
<td>Managing Director, Central Cottage Industries Corp. (CCIC)</td>
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<td>17.</td>
<td>Principal Secretary I&amp;CC, Govt. of Manipur</td>
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<td>18.</td>
<td>MD, Handicraft Development Corporation of Andhra Pradesh</td>
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<td>19.</td>
<td>MD, State Handicraft Development Corporation of Tamil Nadu</td>
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<td>20.</td>
<td>Mr. Ashoke Chatterjee</td>
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<tr>
<td>21.</td>
<td>Ms. Laila Tayaqbi, Dastkar, New Delhi</td>
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<td>22.</td>
<td>Ms. Anita Reddy, Chittur</td>
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<tr>
<td>23.</td>
<td>Ms. Rathi Vinay Jha, Delhi</td>
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<td>24.</td>
<td>Ms. Shyamali Duda, Designer, Kolkata</td>
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</tbody>
</table>
26. Ms. Ritu Sethi, Chairperson, Craft Revival Trust, S-4, Khirki Extension, New Delhi 110017
27. President, Brassware Artware Manufacturers Association Jai Mandir Building Opp Kevali Moradabad 244001
28. Ms. Ruchira Ghosh, Chairperson, Crafts Museum
29. Executive Director, National Centre for Design Project Development (NCDPU), New Delhi
30. Dr. RMC Reddy, IL&FS, New Delhi
31. Chairman/President, AICMA, Bhadohi
32. Shri Vimal Mahajan, BASIX, D-0, First Floor, Greater Kailash Enclave-I, New Delhi 110 048
33. Mr. Sunil Roy, Director, Hazards Centre, 29/11, Janpath, New Delhi 110 001
34. Shri Nand Kishore Mishra, Craftsperson (stone cutting), Orissa, 9861072590
35. Shri Mohd. Ayub, Craftsperson (wood carving), Delhi, 9866872478
36. Development Commissioner for Handicrafts, MoI, Govt.

**Terms of reference are as under:**

**Government Schemes**

i. To review the efficacy of on-going schemes and examine the need for their continuation/modification. This would include scope and coverage of the schemes especially for revamping the schemes to focus on underserved states, underserved players, merger of micro schemes into integrated schemes, improving the delivery mechanism etc., improving the system of monitoring, creation of a strong database and increasing awareness amongst all stakeholders in the 12th Five Year Plan.

ii. To suggest a policy framework for the planned development of this sector during the 12th five year plan period.

iii. To assess the role of the Institutions working in the Handicrafts Sector and suggest ways for monitoring and strengthening them.

iv. To suggest incorporation of new components in the existing schemes or formulation of new plans to meet sectoral requirements and propel growth in production, employment and export in the 12th Five Year Plan.

v. To suggest measures for establishing and strengthening synergies with the State Governments and other agencies for better implementation of the plan schemes.

vi. To review and clearly demarcate areas where Government interventions are necessary and those where PPP or NGO partnership is possible/desirable.
Brand Building, Marketing & Entrepreneurship

To make a projection of the potential level of exports of handicrafts to be achieved by the end of 12th Five Year Plan.

To review brand building efforts and suggest ways for enhancement in the 12th plan.

To review Geographical Indicators registered in the Handicraft Sector and make recommendations for improving implementation and usage of GIIs.

To suggest measures/initiatives to be taken for increasing market share of Indian handicrafts in the global market.

To explore ways for implementing public-private partnership model in different areas for sustainable development in the 12th plan.

To review and suggest measures to promote private entrepreneurship in handicraft production, design development, brand building, marketing, retail and export of handicraft products.

To review and suggest product standards to enhance the market for craft products in domestic and international standards.

Infrastructure and technology

To suggest measures/initiatives to be taken for improving the physical infrastructure.

Review and suggest measures to improve technology/upgradation that benefits craft artisans.

Inputs – Credit, Raw Materials

To suggest ways and means for enhancing availability of raw materials and to enhance credit flow to craft artisans/producers.

Artisan Welfare

To assess whether living standards and livelihood of artisans have improved and suggest measures for enhancement.

To suggest ways and means for ensuring proper working environment and easy access to health care facilities and insurance cover to artisans particularly for disadvantaged sections of the population such as SC & ST.

To review and suggest measures to enhance environmental impact on craft artisans.

To review and suggest measures to improve occupational health and safety standards, including better ergonomics for artisans.

Research, Education and Training

To review existing institutes and suggest measures to enhance crafts education in various educational institutions.

To undertake a technology mapping in the major artisanal clusters and to suggest measures to recognize and promote innovations in design, technology, tools and other craft-related spheres.

To suggest measures to create reliable documentation of craft heritage, design vocabularies and other related aspects.

To recommend measures towards mainstreaming crafts education.

Crafts Promotion

To review the likely achievement of levels of demand, capacity, production etc. by the end of 2013-14 and to suggest appropriate action for future.

In addition

To make any other recommendations in areas/aspects that may be of importance to the development of the sector.

3. The Chairperson/Co-Chair may constitute Working Group (s)/Sub Groups as may be considered necessary and also co-opt members for specific inputs.

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee will be paid TA/DA by the Planning Commission as per SR 150 (a) for attending meetings of the Committee and the expenditure will be borne by Planning Commission. Air travel is to be undertaken only on Air India.
6. The Working Group will be serviced by the Office of DG (Handicrafts), Ministry of Textiles, Government of India, R.K. Puram, West Block No.7, New Delhi.

7. Shri A.K. Khullar, Joint Advisor (VSE), Planning Commission, (Room NO 346), Yojana Bhavan, New Delhi – Telephone No.23753118, e-mail: wkohel@nic.in will act as Nodal Officer for this Working Group and any further query/communication in this regard may be made with the Nodal Officer.

Dr. (Mrs.) Reetu S. Parmar
Adviser (Industry & VSE)
Ph: 23099605
Email: rsparmar@nic.in

To,
Chairman and Members of the Working Group

Copy To:
1. PS to Deputy Chairman, Planning Commission.
2. PS to Minister of State (Planning).
3. Prime Minister's Office, South Block, New Delhi.
4. Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.
5. PS to all Members, Planning Commission.
6. PS to Member-Secretary, Planning Commission.
7. All Principal Advisers/ Sr. Advisers/Advisers HODs, Planning Commission.
8. Director (PC), Planning Commission.
9. Administration (General-I) and (General-II), Planning Commission.
10. Under Secretary (Adm.I) to the Government of India
12. Information Officer, Planning Commission – for uploading in the website of Planning Commission.

Dr. (Mrs.) Reetu S Parmar
Adviser (Industry & VSE)
Ph: 23099605
Email: rsparmar@nic.in
Minutes of meetings of the Working Group

MINUTES OF THE FIRST MEETING OF THE WORKING GROUP HELD UNDER THE CHAIRPERSONSHIP OF SECRETARY (TEXTILES) ON 14.06.2011 AT 03.00 P.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

A list of participants is at Annexure-I.

Welcoming the members of the Working Group, the Chairperson gave an overview of the Handicrafts Sector. This was followed by a brief introduction of all the members present.

The Development Commissioner (Handicrafts) gave a brief presentation on the overview of the sector and various existing schemes being run by the Office of DC (Handicrafts) along with their salient features.

During the presentation, Secretary (Textiles) desired that the Credit Guarantee Scheme be explained in detail. DC (Handicrafts) explained the Credit Guarantee Scheme in detail indicating that the loan amount given by the banks is covered for risk by CGTMSF and the charges for the same are paid by the Government on behalf of the artisans to facilitate collateral free loans through ACC which has a maximum limit of Rs. 2.00 lakh.

While initiating the discussion, DC (Handicrafts) expressed his appreciation to all the members for taking out time to attend this meeting despite short notice. He further informed that in future the correspondence will primarily be made through Email and accordingly requested members to provide their Email IDs.

With a view to give a fair idea of the progress made so far, the DC(Handicrafts) briefly explained and gave an update on the physical and financial achievements made during the span of four years during 11th Plan period.

DC (Handicrafts) also highlighted the Swot Analysis with regard to the handicrafts sector in India and the proposed approach for the 12th Plan. With this, the Chairperson declared the forum open for discussion for finalizing the methodology and time line for the
Working Group. The views of the Members on constitution of the Sub Groups and the Term of Reference were also solicited.

Outlining the approach for the 12th Plan, the Chairperson emphasized that the department should focus upon deepening of the present activities, inclusion, efficiency increase, capacity building and inducement of Marketing Sense among the artisans. Further, Secretary (Textiles) observed that the compliance issues are also the weakness for the sector while the increasing use of the Machines by Asian countries present a significant threat to the Sector.

Chairperson observed that the present schemes are implemented through different implementing agencies and the Government is only playing the role of facilitator. Subsequent the Chairperson requested the DC (H) to present the TORs of the Working Group to the members for discussion.

The DC (H) proposed the following four Sub Groups along with their respective TORs for deliberation by the members:

i) Sub Group on Marketing and Brand Building of handicraft products.
ii) Sub Group on Social Welfare Research Education, Credit and recognition measures.
iii) Sub Group on Cluster and infrastructure
iv) Sub Group on Design, HRD for the handicraft sector.

Secretary (Textiles), while inviting comments from the members, observed that while making comments on Sub Groups it should be borne in mind that the mandate of Subgroups should match with the Schemes as per the philosophy of prospective planning.

Ms. Gulshan Nanda, Co-Chairperson made emphasis on the need for education and to formulate guidelines to implement it. She proposed that there should be at least eight Subgroups. It was explained that it would not be possible to service such large number of Subgroups and also the principal of forward planning suggests that topics covered through a particular scheme may be consolidated under one Subgroup. Therefore, the above four groups have only been proposed.

Shri Ashoke Chatterjee of Crafts Council of India suggested that the Swot Analysis may be looked into aggressively as handicrafts is the second largest industry after Agriculture. The sector comprises of the majority to be from the weaker sections. He was of the opinion that the Sub Group on Marketing, Brand Building, Design and R&D should go
together. There should be a separate group in respect of finance and credit, artisan support/IPR. He underlined the importance and need for gathering market intelligence through market research and protecting crafts under IPR to derive better marketing advantage. Moreover, he was of the opinion that there should be one separate advisory group on advocacy. He further observed that Naxalite hit areas, minorities and other deprived sections should be given special consideration.

Ms. Laila Tayabji has observed that the number of artisans as compared to 8th five Year Plan have gone down drastically, which is a matter of concern and needs to be addressed. She further stressed upon the need for a reliable and comprehensive database for the Sector. It was explained to her that there has been increase in estimated number of artisans from 1995-96 onwards and it is truly a sunrise sector.

Smt. Sheela, MD, Tamil Nadu Handicraft Development Corporation was of the view that the financial limit for the different components of the scheme are required to be increased and also more organizations like State Finance Corporations may be made eligible under the Credit Guarantee Scheme.

Shri Mohd. Ayub, Craftperson of woodcarving informed that there is not much return on the items sold. The treatment of wood is a major concern creating a problem for easy availability of raw material. There are various security problems and procedures which the artisans have to face at the time of procurement of the raw material that is now being sold at a premium. He also expressed that there is a need for development of infrastructure for production of good quality of handicraft items.

Shri Rajinder Mishra, Craftperson of Stone cutting from Orissa informed that even though there are a good number of artisans practicing the similar craft, they are facing the problem of raw material and there is a need for raw material centres. He also informed that the handicraft ID Cards should be given to the genuine artisans, which could be certified by a recognized National Award holder. He further underlined the need for marketing assistance and availability of improved designs which are in tune with the local conditions.

Representative from ILFS (Ms. Shramishta) suggested that it is necessary to have hand-holding for two to three years with regard to infrastructure and technology in cluster development projects. The artisan support programmes should be the prime focus in these projects.

Shri R.K. Srivastava, Executive Director, NCDPD stressed upon the need for good designs and product diversification.
Shri Rakesh Kumar, Executive Director, EPCH said that for the desired brand building, there is a need for punch line to emphasize the handmade factors of the Indian handicrafts. The issue of compliances, also needs to be looked into. He also expressed that we need to focus on new market areas and also expressed views with regard to the issue of raw material, security especially certified wood and the need to bring in Forest Corporation into the fold. He was agreeable with the proposed four Sub Groups.

Shri Nirmal Sinha, MD, CCIC explained the need for tapping the large domestic market by encouraging retail marketing.

Shri R.N. Choubey, Development Commissioner (Handlooms) expressed that he is agreeable with the manner in which proposed four Sub Groups have been constituted for the reason that these groups have been formulated more or less on the lines of the ToR finalized for Working Group of handicrafts for the 12th Five Year Plan. However, he suggested that the mandate of the Subgroups may be realigned to have a better focus vis-à-vis the TORs of the Working Group. Accordingly, the Subgroups on the following five topics have been proposed by him:

1- CLUSTER INFRASTRUCTURE AND TECHNOLOGY:
2- BRAND BUILDING, MARKETING, CRAFT PROMOTION, ADVOCACY, ENTREPRENEURSHIP.
3- INPUTS, CREDIT, RAW MATERIAL
4- ARTISAN WELFARE
5- RESEARCH EDUCATION, TRAINING DESIGN AND COMPLIANCE ISSUES

He was also of the opinion that a separate Sub Group for NER need not be formed to avoid duplicacy.

E.A., Ministry of DONER observed that there should be at least two representatives of State Governments from NER in the each Subgroups.

The Chairperson requested that she may suggest the member representatives for the Sub Groups from NER.

The Chairperson has desired that the Subgroups while finalizing report may consider special pattern of funding to NER, Hill areas, Naxal affected areas etc.

After unanimous acceptance on the categorization of the above mentioned five Sub Groups, the members present were requested to come forward and give their consent for their participation in at-least two Groups. Accordingly, the members present gave their
consent. It was decided that with the approval of Chairperson, DC[Handicrafts] may issue orders for constitution of sub groups & TORs accordingly. It was decided that all the Subgroups will finalize their recommendations latest by 31st July, 2011. It was also decided that the first meeting of the Subgroups may be called at the earliest, preferably in the next week.

Ms. Rathi Vinay Jha requested for all possible material to be provided including the evaluation report to facilitate constructive and useful suggestions during the deliberations. DC (Handicrafts) replied that the soft copies, if available could be provided. However, all the members can use the Library where all reports are available.

Before concluding the meeting, the Chairperson thanked all the participants for their active participation and contributions.

The meeting ended with the vote of thanks to the Chair.
MINUTES OF THE SECOND MEETING OF WORKING GROUP HELD UNDER THE CHAIRPERSONSHIP OF SECRETARY(TEXTILES) IN ROOM NO.162 AT UDYOG BHAWAN, NEW DELHI ON 17.08.2011 AT 11.30AM.

A list of participants in the meeting is at Annexure-A.

1. At the outset, the Chairperson welcomed all the members present and observed that the sub-groups have had a number of meetings and a lot of thought has gone into preparing the draft reports.

2. Shri S.S.Gupta, DC (Handicrafts) informed that apart from the various meetings of the 5 Sub-Groups, there had been meetings with Regional Directors, Asstt. Directors and various agencies implementing the schemes of the Handicrafts Sector. Besides, a feedback form was generated and circulated electronically to elicit views and suggestions of various stake holders of the sector. The feedback so generated has also been taken into account while finalizing the draft reports of the 5 Sub-Groups.

3. Thereafter, the DC (Handicrafts) presented the reports indicating the recommendations of all the Sub-Groups, proposed changes in the existing schemes, new components proposed to be included in the 12th Five Year Plan and financial allocation proposed for the 12th Plan.

4. During the course of presentation of recommendations related to Brand building, Ms. Ritu Sethi of Craft Revival Trust observed that instead of promoting the Indian handicraft brand as “Hand made in India”, it would be better to promote the brand as “Hand crafted in India”.

5. While on the slide related to Geographical Indication, the DC(HC) informed that there is a recommendation regarding setting up of a separate body for this purpose and other related issues. It was further informed to the committee that at present Textiles Committee is entrusted with the pre and post GI activities. At this stage, the Chairperson observed that an in house agency should be roped in, preferably Textile Committee or COHANDS for O/o DC(HC) as setting up of a new body is a long drawn process.

6. While further discussing the recommendations, the Chairperson observed that the Kiosks may be also be proposed for Metro Stations. Further the recommendation regarding the component of Warehouse was discussed and accepted by the Committee.
7. Under the “Advocacy”, while noting the recommendations about promoting a national level apex body for handicrafts, the Chairperson observed that there is already an all India apex body for handicrafts which is All India Handicrafts Board and there is a need to make it more active.

8. Ms. Anita Reddy suggested that the apex board should be strengthened and decentralised. The Chairperson observed that such boards comprise mainly of civil society members where Govt. representation is minimum. The Chairperson further noted that it is better to have Sub-Committees within this Board for focused approach. The Body should be made workable, time bound and representative of all interests. At this stage, Shri R.N. Choubey, DC(Handlooms) observed that there is a possibility of quite a lot of duplication of work between the proposed apex body and All India Handicrafts Board.

9. Observing the recommendations regarding proposed modifications under the marketing scheme, the Chairperson wanted to know whether all the schemes have been examined with reference to their relevance by the Sub-Groups, on which DC(HC) replied in affirmative. The Chairperson further noted that the proposed compilation of common compliance code should also include product specific compliance. In the recommendations related to publicity, the Chairperson remarked that extensive publicity should be done for the Brand “Hand crafted in India”. Ms. Anita Reddy proposed for DA during marketing events for artisans, which was not accepted due to huge financial implications. It was also observed that the recommendation should be arranged more logically so far as compliance is concerned.

10. The Chairperson further enquired about Sourcing Shows and Marketing Services component. It was explained that the Sourcing Shows are proposed to be replaced with more comprehensive events. The marketing services it was explained are the workshops organized to provide guidance on marketing issues. The Chairperson observed that more appropriate nomenclature may be adopted for Marketing Services.

11. On enquiry from Chairperson for implementing agencies, the DC(HC) clarified that wherever EPCH is indicated, the same clause will be applicable to CEPC also and vice versa. Similarly the artisans also included carpet weavers.

12. On the recommendation regarding clusters, the Chairperson observed that the present system of identifying clusters is bottom up i.e. the proposals starts from field units, whereas in the case of handlooms, there is a different pattern. She noted that there should a transparent criteria for selection of clusters, and selection of PPP partners. At this stage, DC(HL) informed that need for consolidation have been felt. The results in some of the
interventions in PPP mode had been mixed. Some are doing well others are not doing so well. The issue regarding consolidation was also raised by Jt. Advisor- Planning Commission. The DC(HC) informed that an evaluation study has already been undertaken. It was also informed to the Committee that in the Mid-Term evaluation the scheme has been considered to be helpful and the same was also observed by the Planning Commission in their Mid-Term Appraisal documents.

The AHVY scheme was explained in detail to the Committee. Ms. Anita Reddy wanted more involvement of Federations. On which it was explained that the ultimate goal of the scheme is consolidation of artisans in the Federation. It was further explained that the Federation is required to expand to cover as many artisans as possible so that they avail common facilities.

13. The Chairperson observed that the artisans I Card is a real empowerment and as such all artisans should be issued the I Cards as has been done by the O/o DC (Handlooms) during the census, in respect of Handloom workers. DC(H) clarified that for this reason the component of I Card has been re-positioned in Welfare Scheme.

14. The Committee was informed that a new scheme of Infrastructure proposed to be introduced in the 12th Plan by consolidating existing components and by introducing some new components. While discussing new component of Handicraft Park, the Chairperson observed that the need may be carefully assessed. DC(H) explained that the park is meant for Handicrafts Units and the sector, has of late, consolidated into smaller units and there is a definite need. The proposal was agreed. The Chairperson observed that all the activities must be synchronized and as far as possible the training schools may preferably be taken up in clusters. She further remarks that strengthening of BCDI Agartala may also be included under infrastructure.

15. Regarding the Craft Village Sub Component, the Chairpersons remarked that it should be linked to rural craft tourism. Similarly the watershed cum housing component should also be the part of the Craft Village. While discussing the establishment of the Lab component, the Chairperson remarked that the Textiles Committee may be taken on board in view of the infrastructure they have.

16. The Housing cum Workshed component was also discussed in detailed. Ms. Anita Reddy commented that the Housing and other components may be leveraged from other schemes of Govt. of India. DC(HL) was the of the view that implementation of such a component which include housing would be very difficult. It was decided that this may
primarily be used in craft village and the outlay of Rs. 1.00 lakh per workshed may be considered.

17. Subsequently discussion on Artisan’s Welfare Sub-Group report was initiated. The interest subvention scheme was discussed and was recommended due to his direct nature. However priority will be given to credit through nationalized banks, or scheduled banks, compared to MFI, because rate of interest by former is much lower.

18. While discussing the recommendation regarding pension scheme for artisans, the DC(HL) observed that for the National Social Security Fund, may be utilised for the purpose. The scheme of Ministry of Labour meant for un-organised sector may be leveraged which has corpus of rupees one thousand crore. This fund is under Pension Fund Regulatory Development Authority. The Govt. of India provides matching fund. The Chairperson suggested that official letter be sent to the Ministry of Labour as has been done by the O/o DC (Handlooms) for weavers.

19. While appraising the recommendations regarding Research and Development Scheme, The Chairperson remarked that there should be stress on all languishing crafts with a special focus on mapping. She further noted that ways and means may be devised to increased more practicing artisans related to the identified languishing crafts. At the stage Ms. Ritu Sethi suggested that these artisans may be given more Fairs and Exhibitions. The Chairperson also observed that adequate care may be taken on compilation of statistics and mapping for languishing crafts in particular and handicrafts in general.

20. Regarding performance of implementing agencies, the Chairpersons suggested that their rights and obligations may be defined and enforced, for each of the beneficiaries including awardees.

21. Shri A.K.Khullar, Joint Advisor, Planning Commission submitted a written paper, on behalf of Adviser (I&VSE). The suggestions alongwith the responses are as follows:-

a. There is no case for up-scaling of clusters (different tiers) as envisaged in the report. It has been stressed on behalf of the Planning Commission that it was necessary to look at the consolidation of the gains rather than spreading the resources thin over more interventions.

22. On the above suggestions DC(H) had already informed that the recommendations in the Draft Report have been based on not only the inputs provided by honorable members but also the feed back received from the field formations as well as the mid-term and
terminal evaluation of the scheme. At this stage it was informed that 100% evaluation of the Cluster is being taken up to gauge the progress.

b. Even existing cluster programmes have not been able to provide sustainability to artisans and beneficiaries.

23. As regard this observation, it was clarified during the discussion that the evaluation study has revealed that in most cases the artisans in the clusters have achieved sustainability as indicated by higher earning, and increased number of days of employment consequent upon implementation of various interventions under the cluster scheme.

c. Over all financial outlays are very much on higher side and further these are not targeting growth and output in absolute terms. For example, there are no indications of growth in different craft sectors in terms of production, wage increase, exports etc. Also there are no monitor-able targets given.

24. In this regard it was clarified that the physical and financial figures shown in the draft report are indicative only and that measurable outputs are proposed to be indicated at the time of finalization of Working Group report.

d. Schemes need to be taken up associating State Govts. And its agencies rather than associating NGOs only, as in various forums, State Govts. had been submitting that they have no knowledge as how and where GOI’s schemes and programmes are being implemented and how these are benefitting artisans? Further it is desirable to have the oversight of the State Govts. on such programmes.

25. It was clarified that though many programmes have been implemented though State Govt. Corporation still more involvement will be encouraged.

e. No scheme has been proposed either to combat occupational health hazards and environmental impact on artisans or to improve occupational health and safety standards, including better ergonomics for artisans in spite of inputs provided in the sub-group meetings by AIACA.
26. It is clarified that, the concerns expressed in this suggestions are adequately addressed in the recommendation under Research and Development Scheme. Also distribution of safety tools have been made eligible for distribution to the artisans under different schemes.

   f. GOI support under Social security schemes should not be open ended and continue for ever. The health scheme should be on the same lines as the GOI scheme i.e. Rastriya Swasthya Bima Yojana.

27. On this suggestion, it is clarified that there is a basic difference between RSBY and the Health Insurance Scheme for Handicrafts Artisans. Whereas the RSBY is specifically targeted for BPL workers and provides for only IPD facilities, the Health Insurance Scheme for Handicrafts Artisans is targeted for all categories of artisans, including those falling under BPL category and this scheme provides for both IPD & OPD facilities, which is the unique feature of this scheme and is not available in any scheme implemented by any of the Ministries under Govt. of India. The schemes are not open ended as they get evaluated from plan to plan and then continued or removed.

28. The Chairperson informed the Committee that Shri Ashok Chatterjee had not been able to attend the meeting and instead he had sent his suggestions through a written communication. The Chairperson briefly informed these suggestions as under:

   a. The economic impact of hand production needs to be understood.

   b. An immediate priority therefore is to build a robust data system which can help ensure that national accounting systems adequately reflect the scale of the craft sector, acknowledged as the largest source of India livelihood after agriculture.

   c. Reconsideration of definition of craft.

   d. Need to pay careful attention to be cluster concept and ensure that our feature definition of cluster respect the fluid and information boundaries, locations, movements and arrangements that are characteristic of craft communities.

   e. The sector need to ensure that marketing is understood as a professional discipline in concerned with the entire process of identifying needs that handskills can meet, and with satisfying these needs at a profit.
f. All craft development will need a foundation of scholarship, research, collections and documentation.

g. A museum of contemporary craft, devoted to the history of craft development in independent India.

h. Need to set up a Hastkala Akadami, which could contribute imaginatively to regaining national respect for artisans and placing them on par with their peers in other creative disciplines. Another possibility could be setting up of Craft University.

It was decided to give above suggestions due consideration at the time of finalization of Working Group report.

29. In the end, the Chairperson thanked all members for their valuable contribution. She advised that the proceedings of this meeting may be emailed to all members immediately to elicit their views and thereafter a final report of the Working Group can be discussed and debated once again for its eventual adoption.

30. The members may sent their reviews to the O/o DC(H) on mailtodch@gmail.com.

The meeting ended with the vote of thanks to Chair
11.4 Orders for creation of subgroups and Minutes of meetings (MoM) for subgroup meetings

11.4.1 Subgroup I: Brand Building, Marketing, Craft Promotion, Advocacy and Entrepreneurship

11.4.1.1 Orders for creation of subgroup Brand Building, Marketing, Craft Promotion, Advocacy and Entrepreneurship Sub Group

**ORDER 1**


Government of India

Ministry of Textiles

Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram

New Delhi – 110 066

Dated: 18th June, 2011

**ORDER**

Sub: Constitution of Sub - Group on Brand Building, Marketing, Craft Promotion, Advocacy, Entrepreneurship for the 12th Five Year Plan
It has been decided to constitute a Sub-Group on Brand Building, Marketing, Craft Promotion, Advocacy, and Entrepreneurship for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan.

The Composition of Sub-Group on Brand Building, Marketing, Craft Promotion, Advocacy, and Entrepreneurship is as under:-

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<tr>
<th></th>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>1</td>
<td>Development Commissioner for Handicrafts</td>
<td>CHAIRMAN</td>
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<tr>
<td>2</td>
<td>Addl. Development Commissioner for Handicrafts (Mrs. Alka Arora)</td>
<td>CO-CHAIRPERSON &amp; CONVENER</td>
</tr>
<tr>
<td>3</td>
<td>Shri Rohit Bhardwaj, Director (Handicrafts)</td>
<td>MEMBER</td>
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<tr>
<td>4</td>
<td>Representative from Fair Trade Forum of India, New Delhi.</td>
<td>MEMBER</td>
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<tr>
<td>5</td>
<td>Director IIFT, New Delhi.</td>
<td>MEMBER</td>
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<tr>
<td>6</td>
<td>Managing Director, HHEC, New Delhi</td>
<td>MEMBER</td>
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<tr>
<td>7</td>
<td>Managing Director, NEHHDC, Guwahati</td>
<td>MEMBER</td>
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<tr>
<td>8</td>
<td>Executive Director, EPCH, New Delhi</td>
<td>MEMBER</td>
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<tr>
<td>9</td>
<td>Chairman, CEPC, New Delhi.</td>
<td>MEMBER</td>
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<tr>
<td>10</td>
<td>Representative from Textile Committee, Mumbai</td>
<td>MEMBER</td>
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<tr>
<td>11</td>
<td>Executive Director, NCDPD, New Delhi</td>
<td>MEMBER</td>
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<tr>
<td>12</td>
<td>Representative from M.P. Laghu Udyog Ltd., Bhopal.</td>
<td>MEMBER</td>
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<tr>
<td>13</td>
<td>Representative from ICCR, Ministry of Culture, New Delhi.</td>
<td>MEMBER</td>
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<tr>
<td>14</td>
<td>Executive Director, ITPO, New Delhi</td>
<td>MEMBER</td>
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<tr>
<td>15</td>
<td>Managing Director, Delhi Tourism.</td>
<td>MEMBER</td>
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<tr>
<td>16</td>
<td>Joint Secretary/ Director, Ministry of Commerce</td>
<td>MEMBER</td>
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<tr>
<td>17</td>
<td>Secretary, Jodhpur Handicrafts Exporters Association</td>
<td>MEMBER</td>
</tr>
<tr>
<td>18</td>
<td>Eastern UP Exporters Association</td>
<td>MEMBER</td>
</tr>
<tr>
<td>19</td>
<td>Regional Director (NR), O/o DC(HC), New Delhi.</td>
<td>MEMBER</td>
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<tr>
<td>20</td>
<td>Regional Director(SR), O/o DC(HC), Chennai.</td>
<td>MEMBER</td>
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<tr>
<td>21</td>
<td>Ms. Anuradha Kumara FAB India</td>
<td>MEMBER</td>
</tr>
<tr>
<td>22</td>
<td>Commissioner &amp; Secretary (Industries ) Government of J&amp;K</td>
<td>MEMBER</td>
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<tr>
<td>23</td>
<td>The Principal Secretary, Govt. of Tripura</td>
<td>MEMBER</td>
</tr>
<tr>
<td>24</td>
<td>Representative from NEDFI</td>
<td>MEMBER</td>
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<tr>
<td>25</td>
<td>Ms. Rati Vinay Jha, Chairperson, AIACA Board of Directors</td>
<td>MEMBER</td>
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<tr>
<td>26</td>
<td>Ms. Kirti Saxena, Economic Advisor, Ministry of DoNER</td>
<td>MEMBER</td>
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<tr>
<td>27</td>
<td>Ms. Laila Taiyabji, Dastkar, New Delhi</td>
<td>MEMBER</td>
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<tr>
<td>28</td>
<td>Managing Director, HHEC</td>
<td>MEMBER</td>
</tr>
<tr>
<td>29</td>
<td>Ms. Ruchira Ghose, Crafts Museum, N.Delhi</td>
<td>MEMBER</td>
</tr>
</tbody>
</table>
Terms of reference are as under:-

I. To review of the efficacy of on-going Marketing Support Scheme (MSS) scheme and examine the need for its continuation/ modification. This would include scope and coverage of the scheme especially for revamping the scheme to focus on underserved states, underserved players, merger of components of the scheme into integrated component and introducing new components for improving the delivery mechanism etc., improving the system of monitoring, creation of a strong database and increasing awareness amongst all stakeholders in the 12th Five Year Plan.

II. To assess similar schemes being implemented by other Departments/Ministries of the Central/State Governments and assess requirements of adopting features of any of such schemes.

III. To suggest measures for establishing and strengthening synergies with the State Governments and other agencies for better implementation of the MSS Scheme.

IV. To assess the efficacy of the permanent Marketing infrastructure like Urban Haat, Marketing/Metro Hubs set up in 11th Plan and to suggest additional measures for setting up efficient marketing related infrastructure in the context of both the Domestic and International Marketing.

V. To review and clearly demarcate areas where Government interventions are necessary and those where PPP or NGO partnership is possible/desirable.

VI. To explore the possibilities of adopting functional partnership with corporate bodies as a part of Corporate Social Responsibility (CSR).

VII. To suggest upon improving in monitoring mechanism of the Scheme from Proposal stage to reimbursement Stage.
VIII. To suggest need for special dispensation in the scheme for North Eastern States.

IX. To estimate the physical scale in terms of number of Domestic and International Marketing and Brand Promotion Activities to be taken up and the resultant financial requirements for implementing the improvised MSS Scheme in the 12th Plan period.

X. To make such other recommendations as may be appropriate.

XI. To assess the requirements for design and technological development for export marketing.

XII. To explore the possibilities to hold Cultural Exchange Programmes in collaboration with Ministries of Culture(ICCR), Tourism and NIFT etc.

XIII. To explore the possibilities of major publicity through public media.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011

[V.P.Thakur]

Sr. Assistant Director (P&R)
ORDER 2


Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066
Dated: 5th July, 2011

ORDER

Sub: Constitution of Sub - Group on Brand Building, Marketing, Craft Promotion, Advocacy, Entrepreneurship for the 12th Five Year Plan

In continuation to the order even no. dated 18/06/2011 on constituting a Sub-Group on Brand Building, Marketing, Craft Promotion, Advocacy, Entrepreneurship for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan. The following member(s) shall also co-opt for the said Sub-Group:-

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<th></th>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>1</td>
<td>Representative from Planning Commission</td>
<td>Member</td>
</tr>
<tr>
<td>2</td>
<td>Smt. Jaya Jaitely</td>
<td>Member</td>
</tr>
<tr>
<td>3</td>
<td>Smt. Ritu Sethi, Craft Revival Trust</td>
<td>Member</td>
</tr>
<tr>
<td>4</td>
<td>Secretary Women Income Generating Centre (WIFC) Distt. Thoubal, Govt. of Manipur</td>
<td>Member</td>
</tr>
<tr>
<td>5</td>
<td>MD, Tripura Handicrafts &amp; Handloom Marketing Corporation</td>
<td>Member</td>
</tr>
<tr>
<td>6</td>
<td>Principal Secretary- Industries, Govt. of Sikkim</td>
<td>Member</td>
</tr>
</tbody>
</table>

2. Terms of reference are as under:-
i. To review of the efficacy of on-going Marketing Support Scheme (MSS) scheme and examine the need for its continuation/ modification. This would include scope and coverage of the scheme especially for revamping the scheme to focus on underserved states, underserved players, merger of components of the scheme into integrated component and introducing new components for improving the delivery mechanism etc., improving the system of monitoring, creation of a strong database and increasing awareness amongst all stakeholders in the 12th Five Year Plan.

ii. To assess similar schemes being implemented by other Departments/Ministries of the Central/State Governments and assess requirements of adopting features of any of such schemes.

iii. To suggest measures for establishing and strengthening synergies with the State Governments and other agencies for better implementation of the MSS Scheme.

iv. To assess the efficacy of the permanent Marketing infrastructure like Urban Haat, Marketing/Metro Hubs set up in 11th Plan and to suggest additional measures for setting up efficient marketing related infrastructure in the context of both the Domestic and International Marketing.

v. To review and clearly demarcate areas where Government interventions are necessary and those where PPP or NGO partnership is possible/desirable.

vi. To explore the possibilities of adopting functional partnership with corporate bodies as a part of Corporate Social Responsibility (CSR).

vii. To suggest upon improving in monitoring mechanism of the Scheme from Proposal stage to reimbursement Stage.

viii. To suggest need for special dispensation in the scheme for North Eastern States.

ix. To estimate the physical scale in terms of number of Domestic and International Marketing and Brand Promotion Activities to be taken up and the resultant financial requirements for implementing the improvised MSS Scheme in the 12th Plan period.

x. To make such other recommendations as may be appropriate.

xi. To assess the requirements for design and technological development for export marketing.
xii. To explore the possibilities to hold Cultural Exchange Programmes in collaboration with Ministries of Culture (ICCR), Tourism and NIFT etc.

xiii. To explore the possibilities of major publicity through public media.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011. This issues with the approval of DC (H).

[V.P.Thakur]
Sr. Assistant Director (P&R)
11.4.1.2 Minutes of meetings

MINUTES OF THE FIRST MEETING OF SUB GROUP ON BRAND BUILDING, MARKETING, CRAFT PROMOTION, ADVOCACY, ENTREPRENEURSHIP IN CONNECTION WITH FORMULATION OF THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 21.06.2011 AT 11.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

List of Members who attended the meeting is at Annexure-I.

After welcoming the Members present, the Chairman Sh. S.S Gupta, Development Commissioner (Handicrafts) requested Smt. Alka Arora, ADC (H) to give a brief presentation on the Marketing Support Scheme being implemented by the Office of DC (Handicrafts) in the 11th Plan period.

Accordingly, a presentation was made which informed the members about the Marketing Support Scheme. Also a hard and soft copy of this presentation was distributed to the members present.

While concluding, she requested the members to review the following aspects of the scheme:

Urban Haat:- It is a permanent infrastructure to be developed in a land not less than 18000 Sq. Mtrs. It is becoming difficult for the implementing agencies to provide such a huge area of land at an important location of State. Financial parameters also need to be reviewed.

Emporia:- Being financed only to Government Corporations. But within the existing parameters, it will be difficult to set up Show Rooms in Metro Cities. This aspect needs to be looked into.

Organization of Road Shows/ Stand Alone Exhibitions: This is a very good event if properly organized so that the crafts can be well promoted. More attention needs to be given during 12th Plan.

She emphasized that during this year, specific Workshops are being conducted under the guidance of NCDPD for developing export oriented designs and display of the crafts being projected in the International events. This should continue during 12th Plan but also focus needs to be given on the products being developed by State Corporations.

Shri Rakesh Kumar, ED, EPCH made a presentation on the strategy for entrepreneurship development, marketing and brand building during the 12th Plan.
In the presentation, he narrated about the employment in handicrafts sector and exports registered during 2010-11. World market on handicrafts was reviewed showing a list of ten top markets. China accounting for 30% of the total world market. He presented a comparison of Indian exports with various countries showing the craft-wise details of exports during the years 2009-10 and 2010-11. It showed an increase of 20.82%. Further, through a year-wise, Region-wise statistical data presented, he narrated that 70% of total exports of India are attributed to Central & Northern Regions and rest 30% are from Southern, Eastern and Western Regions of the country. During the 12th Plan, a new product range should come from these Regions so that exports get a boost. He suggested that Office of DC (H) should finance for setting up of Warehouses abroad for use by Indian exporters. The suggested strategy for quantum jump in exports during 12th Plan should be focus product, focus entrepreneurship, focus market and focus brand. He also mentioned that EPCH has targeted to achieve average growth of export @ 30% per annum during 12th Plan by following the above strategy. 10 major domestic marketing events such as Suraj Kund Mela, Master Creation in Dilli Haat may be identified for brand promotion of “Handmade in India”.

Shri Shiv Kumar Gupta, ED, CEPC presented details of Carpet Industry in India and exports in the world market. He showed the data of exports registered since 2001-02 and the target proposed upto 2016-17 along with their Action Plan during 2011-12.

The Chairman proposed that for the next meeting CEPC may also make any other suggestions and modifications in the scheme of Marketing Support of this office, if required.

Shri R.K. Srivastava, ED, NCDPD made a presentation on the present role of NCDPD in the development of Handicrafts sector and its functions. He suggested the Institute is working with the financial assistance from Office of DC (H) should work together in an integrated way so that a Centre of Excellence could be developed for over all development of the sector.

Chairman requested all the members to express their opinion about the various presentations made. He also requested a small Sub Committee may be formed for a focused discussion on various aspects and these Committees may make subsequent presentations during next meeting. The Sub Committee may meet in the premises of this office at any time as per mutual convenience of the members.

The following members volunteered:

- Sub Committee on Domestic Marketing & Publicity (Ms. Jaya Jaitly, Ms. Rathi Vinay Jha, Shri Malikarjuna, Shri R.K. Srivastava)
- Sub Committee on NER (Mr. Borah, MD, NEHHDC & Members from North East)
- Sub Committee on International Marketing & Publicity including Branding
(Shri Rakesh Kumar & Shri R.K. Srivastava)

A gist of views expressed by the members is given below:

Smt. Laila Tayabji from Dastkar observed that the present scheme do not cater to the needs of all the craftpersons. Only a small percentage of 70 lakh artisans are benefitted. Export should not be the main thought as poor craftsmen do not export and we should not give emphasis only on exports but domestic markets should also be strengthened. Accordingly, more Melas and Haats should be planned. We should encourage younger craftpersons for nurturing them as entrepreneurs with marketing and managerial skills.

Smt. Ritu Sethi from Craft Revival Trust also emphasized that the Domestic marketing should be further strengthened. Though present schemes meant for artisans are alright, the Buyers–Sellers being Meet conducted do not cater to small artisans and buyers. In order to achieve the sustained growth, continuous training at Cluster level is required at different stages. Ultimately, economic livelihood should be ensured so that artisans should not opt for other sources of livelihood. She further noted that specific schemes for promotion of SC/ST artisans, NER and Women should be developed. Constant monitoring and evaluation of the schemes should be done.

Chairman intervened and clarified that artisans are benefited not only through marketing, but larger number of artisans are benefitted through Insurance Scheme, Skill development and Design Workshops. Through Cluster Development Programmes still larger number of artisans as a group is benefitted. This office is primarily working for the artisans oriented schemes only

Smt. Jaya Jaitly, President, Dastkar Haat Samiti observed that the Domestic market is huge through which a lot of artisans can be benefitted. The schemes should also serve where there are less number of craftpersons say one or two families in a particular craft and we should try to protect them also even if there are lesser number of artisans practicing in that craft. There should be clear guidelines so that the State Emporias should promote only its own State crafts. We have to find ways to face the threat from China products and stress that “Hand-made” should be genuinely “Hand-made”. Percentage of hand work involved in a product should be specified. The schemes should not be caste specific.

Shri I. Malikarjuna, Executive Director, Fair Trade Forum India emphasized on domestic marketing support by providing facilities to the social entrepreneurs having retail outlets and also procuring handicraft items from small artisans which will help them to have marketing platform. He further suggested that the cluster models of Italy may be adopted in India and stressed that the Cluster concept, though has been adopted, but certain changes need to be done for the success of this model. There are Regional imbalances which need to be addressed. Also, creating more Regional infrastructure will develop sustained markets to whom we want to sell our products. So a specific strategy needs to be developed on this.
Smt. Gita Ram, of Crafts Council of India emphasized on development of system for design innovations in such a manner that an artisan after receiving skills from the design institutions, is able to think out of the box and produce products as per market needs.

Dr. P. Nayak, Director, Textile Committee spoke on Geographical Indication Registration. He stated that More than 200 products are registered under GI Act out of which few may be in respect of handicraft category. As a follow up, how best we can linkup with GI Act in improving domestic as well as international market so that marketing support to artisans will improve.

Shri Rakesh Kumar noted that there is a visible gap in production and consumption (i.e. sales) among different Regions in the country as is evidenced by the fact that the Northern and Central Region accounts for bulk of the exports, whereas the remaining Regions contribute marginally towards the export. This imbalance needs to be corrected by devising and implementing suitable strategies in such a manner that all Regions in the country are developed equitably so that a balance growth in each Region is achieved.

Today, EPCs are working on their own platforms. We don’t have enough presence at airports/Metro stations, Railway stations, etc. We don’t have a presence because of the facts that though the market is very big, we do not have any kind of institutions who can take up these projects.

Domestic market should be our agenda but we have to develop more institutions like SEWA. They have to develop federations to work on the concept of the Global Village and it is a time to work together like if a Fair Trade Organization has strength for their marketing effort, then the other organization has strength of GIA efforts etc.

EPCH is also trying to modify their role and to change their name from the Export Body to Trade Promotion Body. The word export means that literally we are exporting outside the country to the person living abroad. Consumer is located all over the world not within the border, ultimately we are looking at every consumer as a consumer whether he is in India or abroad.

PROMO type of Clusters of Italy, which market the products everywhere are to be developed in India. The parameters of the MSS Scheme and guidelines of Export Division should be separate. The existing schemes do not cater to all the needs of export marketing and the various parameters linked with it. Hiring of space for exporters in Malls exclusively for handicrafts can be thought of.

Our objective/suggestions is that in the new schemes, we focus on Domestic needs but we should have a separate chapter for exports because the needs/size/Scale are different.

On this, Chairman suggested that more information on markets may be supplemented and given to the consultant. We may include specific programmes for exporters and for domestic marketing.
Ms. Ritu Sethi of Craft Revival Trust further stated that we should encourage artisans more than the exporters on priority.

Chairman replied that majority of the schemes are meant for artisans only.

Shri Rakesh Kumar of EPCH opined that selling of the product is more important than viewing as an individual whether he is an artisan or an exporter. Ultimately, it is the product which should be the main focus.

Ms. Rathi Vinay Jha, Chairperson of AIACA mentioned that in Kochi (Kerala) the Airport Authorities are providing space to artisans. Such type of avenues may be explored for future with the Ministry of Civil Aviation/Railways for providing marketing platforms.

Ms. Gulshan Nanda, Co-Chairman stated that whatever Government schemes are available, those should be transmitted through TV and Call Centres so that these could reach to the rural artisans. Benefits should not be measured only through sale figures. They are to be evaluated through an independent agency. Every State should educate their artisans on quality while coming for the programmes and try to send the best for sale. She enquired that who are the evaluation agencies of the Schemes and who are working on this and how they are chosen.

Chairman informed that the agencies identified by the Planning Commission are selected on tendering basis for evaluation of the schemes.

Before concluding the meeting, DC (H) once again requested the Sub Committee members to discuss and prepare presentations on domestic marketing, Export marketing – Publicity and Brand Image and on North East Region. The small Sub Committees may meet as per their convenience and finalize the presentations.

Although due care has been taken to include the views and suggestions made by each and every Member, still if there is any inadvertent oversight, the Hon’ble Members are requested to bring it to our notice so that it could be included in the future deliberations.

Members may send their views and suggestions to the following dedicated Email ID:

mailtodch.marketing@gmail.com

Next meeting will be held on 11.07.2011 at 11.00 a.m.

The meeting ended with the vote of thanks to the Chair.
MINUTES OF THE 2nd MEETING OF SUB GROUP ON BRAND BUILDING, MARKETING, CRAFT PROMOTION, ADVOCACY, ENTREPRENEURSHIP FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIROMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 11.07.2011 AT 11.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

A list of participants is at Annexure-I

Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman, welcomed all to the members and informed that a lot of information has been circulated to all the members. He further requested them to give their feed back and valuable suggestions for formulating the policies for 12th Five Year Plan. The Chairman further informed that the feed back is also being obtained from the field formations for and implementing partners. Chairman proposed that a draft report of the Sub Group Committee may be circulated by 25th of July, 2011 to the members of the Sub Group by Email. The final meeting of the Sub Group shall be held on 28th and 29th of July, 2011 to consider and finalize the reports of the Sub Groups.

The Chairman further informed that three presentations are planned. Ms. Jaya Jaitly would make a presentation about the marketing strategy, Mr. Vohra will make a presentation about NER perspective and Shri R.K. Srivastava, ED, NCDPD special scheme for North Eastern Region. Subsequently the presentations were made as detailed below.

Smt. Jaya Jaitly, gave a brief presentation on marketing, brand building, entrepreneurship and other related matters. In her presentation she suggested some new ideas and some detailed budgetary plan etc. She further suggested that handicraft industry is a growth industry, commonly known as Sunrise Industry.

The need to address sustainable livelihood issues for handicraft artisans and services to be provided to them who produce hand made goods was emphasized.

She observed that looking at the competition with China, our export figures are very less as compared with China exports. But China does not export handicrafts. Therefore, a proper international fora needs to be prepared for a defining what is hand work and what handicraft means.
Certification has a very limited application because it tends to create further bureaucracy. Multiple niche markets are better than high volume demand, especially for export and the main effort behind Indian handicrafts should primarily be to increase the employment, making things out of natural material and decentralize production capacity for disbursed growth especially that we have large component of women artisans. She also emphasized that the artisans should make utility items out of handicraft instead of making and concentrating on a particular product for National Award etc.

She further suggested for categorization of NGOs/Self Help Groups categorizing them in „A”, „B” and „C” categories looking that how long they have been in existence and the contribution they have made towards the development of handicrafts sector, number of artisans they provide services to etc. This act will help Office of DC (Handicrafts) for processing of projects to be assigned to the NGOs etc.

In Marketing, the Crafts Bazars currently required 150 artisans to participate. Since this is larger than the Haats and other places where Craft Bazars are organized and hence needs to be revised.

She suggested that the number of participating artisans in a Craft Bazars should be reduced. Further the list of Haats and other information should be given on Website. A special category may be made for Metropolitan cities like Kolkata, Chennai, Bangalore, Hyderabad, Mumbai, Delhi etc. where rentals for hiring space for organizing event and advertisement/publicity rates are on higher side.

Schools and Colleges should be provided grants to conduct Craft Workshops accompanied with small bazaar for participating students. She informed that this kind of act has already been done with Modern School and has achieved better results by encouraging the school children for participating in such Workshops.

Free stalls may be given to the artisans for participation in Gift Fairs organized at Greater Noida.

A new scheme may be introduced like buyers-sellers meet naming „Order Only” where buyers can be invited for business development. This scheme can help the designs, developed throughout the year by organizing Workshops etc.
The Kiosk can be introduced not only in Metro Stations but also could be at Airports, Malls and other important places where the designs could be placed with the cost and value of the product could also be placed with it. She also informed that this exercise has already been made by Dastakari Haat Samiti and a proposal given to TATAs who are willing to place it in Jamshedpur.

She made another suggestion like setting up of Crafts Villages for marketing in the Tourist Hubs where conducting of Workshops, training and organizing exhibitions of the local artisans could be made possible.

Introduction of Department Stores in Malls to be run by the Office of DC (Handicrafts) where counters and sections would be given to artisans for displaying their products was her another important suggestion.

Regarding issuance of I. Cards to the artisanal community Smt. Jaya Jaitly said that many genuine artisans have no access to get the I. Cards. In order to avoid any misuse of I. Cards, it needs to be examined carefully. Special efforts may be made for identification of genuine artisans.

A detailed field enquiry should be made for persons who are applying for National Awards etc. so that bogus ones are eliminated. Repetition of such awards should be discouraged for a particular family until it is proved that the artisans applying for such awards are genuine ones. Awards may also be considered for skill practices like natural dying etc. Awards should not be for particular product or a piece but for a body of innovative development.

Setting up of Urban Haats in different States was the concept to provide space to the artisans for handicrafts products and display of their skills without the intervention of third party like bulk buyers and exporters. Good management system needs to be perfected and revitalized so that direct access is made available for genuine artisans.

Innovative schemes for design and marketing development should be introduced in unexplored areas like Abhushan, Mughal theme or Adiwasi theme, Natural dyes etc. introduction of literature which can be linked with publishers.

She further emphasized that the study of craft concentrated areas is a must. Potters in Vietnam are being provided A to Z facilities as required by the Potter from fuel to shop sales, raw material, glazing and specialized packaging as well as transport...
facilities. This can also brought into practice in India like Jaipur, Khurja and North East as a pilot project. Hence needs to be addressed. Craft skills and cultural exchange, which follows up from the collaboration with other countries, needs to be addressed to. In order to strengthen and promote craftsmanship globally, craft people in small groups needs to be taken abroad for training to learn techniques, quality, presentation and product diversification.

Regarding Publication she informed that books on handicrafts may be made available like „Read India‟. Support for publication of books, Monographs some crafts and textiles on 50-50 cost sharing and the printing cost by the DC (Handicrafts) could be considered and these publications could be displayed in Libraries etc. Short duration films Indian crafts carrying cultural, social and economic message may be placed on TV Channels like National Geography, Travel & Living, Doordarshan as well as ETV, which has the highest Regional language cover.

The Chairman appreciated the excellent ideas and suggestions given by Smt. Jaya Jaitly. The Chairman further informed that many of the views can be taken and incorporated in the 12th Plan while formulating the Scheme. He further suggested that many of the suggestions relate to other schemes and it would be better to circulate them amongst Sub Groups.

Ms. Ritu Sethi of craft Revival Trust seconded the suggestions made by Smt. Jaya Jaitly and made some more suggestions as under:

- B2B programmes for Domestic Marketing of Handicrafts be conducted.
- Reverse Buyer‟s and Sellers meets may be conducted in clusters. The programmes conducted at Swamimali & Bargu were very much valuable for craft persons.
- DILLI HAAT should be properly monitored .
- Emporia selling other State‟s products should not financed any more.
- There should be a scheme for extending scholarship to young talented crafts persons.
- There should be an award to the person or an organization who revitalizes craft community or a cluster.
• Selection for National Award from the same family be avoided.

On this, the Chairman observed that Dilli Haat is under our management and proper monitoring is being done. So far as other Haats and Emporias are concerned, those are under the management of respective States and O/o DC(Hc.) has not much role to play. As regards National Awards, the Chairman observed that these suggestions is good and necessary modifications in the internal guidelines shall be made.

The Chairman said that Office of the DC (H) is already giving awards like National Award, Shilp Guru Award to handicraft artisans. But no such award is there at present for someone who had contributed to even for revival of languishing craft and the NGO who has done excellent work in developing crafts etc. Therefore, categories of awards can be incorporated in our award system. Regarding verification of an artisan who is applying for such awards, field formation will be instructed to verify whether the artisan is genuine or not and this will be insisted upon before such enteries are considered for final selection.

Ms. Ritu Sethi further suggested that the crafts having GI Certification needs to be funded for building and developing community based brand identities so that it could be taken to the next level. She also observed the need to recognize those crafts also where the artisans are innovating new materials as the actual materials are rarely available now. Therefore, the craftpersons of traditional skills innovative with new materials also needs to be addressed to.

Ms. Indira Oinam, Secy. WIGC, from Manipur mentioned that the crafts products from North East States like Cane & Bamboo area very voluminous and charges for transporting it from one place to another are very high. She proposed to extend subsidy on transportation to craft community of North East States. She further suggested that in DILLI HAAT permanent stalls be allotted to NER crafts persons, TA/DA should be given to all artisans participating in Fairs and Exhibitions on actual basis, Artisans participating in Crafts Bazars may not be allowed to take part in Sourcing Shows at the same time and also increase the budget of Exhibitions from existing Rs.2.20 lakh to Rs.5.00 lakh, Urban Haats may be set up in A-1 & B class cities only, Emporia may be built in Sourcing Hubs, Consumer awareness schemes
for domestic markets needs to incorporated in 12th Plan. For capacity building, NGOs whom AHVY project are awarded, head of the NGOs may be given training before starting the cluster, To declare handmade brand as umbrella brand of handicrafts and Co-branded Exhibitions may be introduced where artisans from AHVY and others can participate on one platform.

DC(H) informed her that for NER separate package assistance could be considered as per the presentation being made by MD, NEHHD.

As regards DILLI HAAT is concerned, nobody is allotted any permanent stall. Each State, including those from NER are having separate quota for sponsoring the artisans as per the Annual Calendar of events finalized by Office of DC(HC) every year.

Shri Malikarjunia, ED. Fair Trade Form suggested various changes in the existing pattern of organizing Craft Bazaar, GSB, Sourcing Show, Exhibition, Urban Haat and Emporium along with others schemes of the department. He suggested as like other “Days” are celebrated, “Artisans Day” should be also be celebrated through out the country.

It was supported by Mrs. Ritu Sethi also. She quoted an example in Kerala every Friday all Govt. Employees wear Hand loom Textiles only. Smt. Ritu suggested that „Artisan”s Day” may be celebrated every year.

DC(H) mentioned that “ All India Handicrafts week is already being celebrated every year from 8th -15th December during the period specific programmes for the benefit of artisans are being conducted throughout the country.

On this the Chairman said that we have „Handicrafts Week” in a year we celebrate in December.

Sri Nimal Sinha, MD, HHEC suggested that E-marketing may be introduced.

On this the Chairman said that it is a good suggestion, the E-marketing is a good platform for artisans and to help any organization who wants to go for E-marketing, one time grant could be concered. It will be included in 12 Plan.

Shri Sonam Tashi, Design consultant from Sikkim suggested that the Designers from reputed Institutions may be empanelled on long term bases instead of engaging a designer for 10 – 20 days collaboration with artisans in a particular
project because within this short span of time nothing can be achieved.

On this the Chairman noted that our empanelled Designers are for long term basis only and they are engaged for 15 days and 6 months in our design work shops and integrated design projects.

Shri Ramamurthy, RD(SR) suggested that a Designer from a reputed Institution should be attached with the particular Cluster for a period of not less than 3 years so that there shall be long term interaction between the designer and artisans which will help them to develop good designs.

On this the Chairman said that it is a very useful suggestion that institutions should be involved in Clusters for design development for long term basis.

The Chairman further observed that this is already in our scheme and in six months Design Project marketing should be a part of that. They should participate in one of the Exhibitions and the products developed in six months project should be exhibited there.

Shri J. Borah MD NEHHDC suggested the following modifications in the schemes;

- Increase in financial parameters of Design Development workshop from Rs. 1.80 lakh to Rs. 2.25 lakh.
- Increase in financial parameters of Integrated Design Project from Rs. 10.00 lakh to Rs. 13.50 lakh
- Sharing of DC(H) & IAs in Crafts Bazars / Exhibitions and printing of Catalogues be changed from 75 : 25 to 90:10
- Release of funds should be 75% instead of 50% while sanctioning any project.
- Service charges be raised from Rs. 25000 to Rs. 50,000/-
- GIA for Gandhi Shilp Bazars/ Craft Bazars in Metro cities may be raised from Rs. 13.50 lakh to Rs. 15.00 lakh
- Mini Craft Bazar with 75 artisans be introduced.
- NER Brand to be introduced.
• Introduction of Awards for Corporations for Highest Turn Over & Best product development is required.

Shri Vohra further suggested some designers may be engaged to develop some memento for each State for the tourist.

With regard to subsidy on transportation proposed by him, DC(H) clarified that subsidy on Transportation of products from NER may not be possible in all cases every time. Smt. Gulshan Nanda said that State Governments should do it and give subsidy for transportation of handicraft goods. The Chairman also said that since this already exists in our schemes and and the corporation can give the proposal accordingly and we will take up these proposals.

Ms. Gulshan Nanda, Co-Chairperson of the working group said that there should be a Buyers-Sellers Meet or an Exhibition in 15 days Workshops. Shri Malikarjunia suggested that there should be a written down commitment from the implementing agency and that needs to ensure in this case. Smt. Jaya Jaitly said that such exhibitions should be organized in local towns where the Design Workshop has taken place.

ED, EPCH suggested that since they have geographical dislocation and they will continue to face this problem. North East needs the subsidy, particularly on Cane & Bamboo products but it should properly planned.

Shri Vohra further suggested a Craft Tourism in North East as is being done for Tea Tourism in North East, where Seminars, Workshops and Fashion Shows can be organized. This can be in one State every year for a week. He further suggested that Awards may be distributed to Corporations and NGOs for their best performance in the field of handicrafts. This will definitely enthuse them to concentrate more in handicrafts sector.

On this the Chairman observed that some awards should be given to design related products as is being practiced in various countries. Therefore, we should have some awards related to development of designs. Since design is a very important subject, we should have some recognition to them and it will be open to all.

RD (CR) suggested that so far as the sales of Cane & Bamboo products of North East are concerned, there is a chain of Cafeteria likes „Café-Coffee Day” where all the interiors and furnishing is being done with Cane & Bamboo products, we can
also approach other restaurant chains like KFC and McDonald etc for adopting north east handicrafts products such as cane and bamboo furniture for their interiors.

On this the Chairman observed that linking the products through the chain marketing is a very important issue because more and more retail stores will come forward to adopt craft products. As an example Fab India is one organization who is sourcing Handloom & Handicrafts product directly from artisans and weavers and marketing under their brand.

RD (CR) further suggested that there could be huge potential market for North East Cane & Bamboo products with domestic institutional consumers. If we have a tie-up with Indian Railways which has thousands of Stations across the country, which can consume a large range furniture products in different application areas such as platforms, waiting halls, booking offices and other administrative areas. Even if we take up one railway station at a time, a lot of local employment can also generated.

Shri R.K. Srivastava, ED, NCDPD gave a brief presentation on special scheme for North East Region, which is inclusive in all the components. He further said that North Eastern Region is blessed with lot of handicrafts and textiles and over 8.87 lakh artisans are working there. The crafts have very good response all over the country. We need to include integrated schemes where impact can be more and employment generation and more exports of handicrafts products. He further suggested that a Mega Cluster Scheme to be introduced covering all the states of North East in a very concentrated manner.

He further explained the basic objectives of the scheme, which leads to overall promotional and development of North Eastern States where the entrepreneurs as well as artisans shall be promoted by providing them quality and design techniques to make the production sustainable. We shall try to emphasize on the focus markets, focus clusters and focus products. The major components in the scheme should have capacity and skill development programme, awareness programmes, training programmes, design and product development by setting up of Design Bank, Raw Material Bank etc. training programmes for Master craft persons and Inter-State training programmes for production. The services of National as well as International Designers and setting up of the State Initiative Design Centres can
also be included in the scheme.

The Chairman observed that most the components are already included in our normal schemes and why this scheme and what is the methodology for implementing the scheme. The Chairman further said that we welcome all the suggestions from the State Governments, we will welcome all kinds of suggestions as per requirement of the North East. It was clarified that the scheme envisages a focused and integrated approach towards product development taking into consideration, the skill sets of the artisans of each of the state.

The Chairman informed that in the next meeting we hope that by that time the Draft Report of the Sub Group will be ready and we will be circulating by 25th of July, 2011 and the meeting will take place on 28th of July, 2011 the recommendations with the Sub Group will be finalized and submitted to the Working Group. Any suggestions from Sub Group members can be sent through Email also.

The meeting ended with vote of thanks to the Chair.
MINUTES OF THE 3RD MEETING FOR PROPOSED RECOMMENDATIONS OF SUB GROUP ON BRAND BUILDING, MARKETING, CRAFT PROMOTION, ADVOCACY AND ENTREPRENEURSHIP FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 28.07.2011 AT 11.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman of Sub Group welcomed all and while outlining the agenda for the meeting he said that all the efforts have been made to incorporate the relevant suggestions of the members of all five Sub Groups and also the inputs received from the field offices in the Draft Report.

The Chairman further informed that certain changes have been proposed in the schemes in view of the suggestions received as our suggestions will have meaning only if they are implemented through the schemes. So everything is to be translated in the schemes so that it gets implemented in the next Five Year Plan after approval of Planning Commission. He also said that it may be possible that some of the suggestions might not have come in the report and requested the Members to inform about the same which will be duly incorporated. He further observed that since this is a Draft Report of Sub Group and after that we will have a period of one month to finalize the report for the Working Group and hence the Report can further be improved as the final report is to be submitted to Planning Commission by 31st August, 2011 only.

The Chairman requested Smt. Alka Arora, Addl. Dev. Commr. (H) to give presentation on the Recommendations on Brand Building, Marketing, Craft Promotion, Advocacy and Entrepreneurship.

Smt. Alka Arora, ADC (H) started the presentation and said that all the efforts have been made to incorporate the suggestions of the members. She further said that under the Marketing Scheme, five new components have been added in the scheme to meet the requirements and the suggested strategy is the focus product, focus market and the focus brand which are being highlighted in the next Plan.
On the Domestic Market, Smt. Jaya Jaitly intervened and said that the component of TA/DA to be given to all artisans participating in Fairs and Exhibitions may be dropped because the artisans participating in such Bazars are earning very good profit from their sales and may be kept the provision only for subsidized areas.

On this The Chairman explained that at present we give TA to artisans who participate in Gandhi Shilp Bazars and that too to those artisans who come from above 500 Kms. But the Parliamentary Standing Committee has suggested and made a specific suggestion that TA may be paid to all the artisans participating in such Bazars and to those artisans also who come from less than 100 Kms.

Smt. K.G. Menon, Hony. President of Craft Council of India said that the artisans even from far flung areas like North Eastern Region and Eastern Region are not interested to come to their office at CCI, Kolkata which is about 200 kms. Distance, without TA&DA. She suggested that TA/DA must be there and should be given to all participant artisans in all the events. She also suggested that TA to artisans may be given subject to actual 2nd Class Rail Fare and there should not be limit at all.

On this the Chairman said that the TA to artisans is proposed to be given on actual basis subject to proposed limit of Rs.1500/- and that too once in a year.

While giving presentation on budgetary provisions for International Marketing, the issue of provisions for setting up of Warehouses abroad for the use by the Indian exporters, Smt. K.G. Menon intervened and said that there are enough funds for the purpose with Ministry of Commerce and there should be no duplication of funding.

On this the Chairman said that the provision has been kept for Latin America. Since the exporters face lot of problems to send their consignments and it takes minimum 30 days to reach that consignment and no importer is willing to give that time. The suggestion was also given by the Ambassador there, regarding a Warehouse where exporters could stock their goods.

Smt. Alka Arora, ADC (H) also clarified that it has been decided to increase our own International Marketing Budget and do more and more activities from Office of DC (H) in order to have less dependency on Commerce Ministry.
Smt. K.G. Menon further explained that the Commerce Ministry is concerned with external exports irrespective of any of commodity and export related scheme may presently be handled by them.

On this the Chairman said that there is no question of duplication. In the 11th Plan, also the scheme of export promotion is there, however, if any modification is required we will consider that also.

Smt. Alka Arora, ADC (H) continued the presentation, explaining the suggestions to be considered for Geographic Indicators.

Smt. Ritu Sethi suggested that to make products more market competitor; two things are important to be addressed that are that how much hand component of the product is there and the products which have got G.I should be brought under a brand.

Smt. K.G. Menon raised a question regularly definition of Handicrafts.

On this, Shri Rohit Bhardwaj, Director (Handicrafts) explained that the Hon’ble Supreme Court has given a decision on definition of Handicrafts that is followed by this office.

Shri Ashoke Chatterji said that since this is an extremely important issue and the house should ensure the clear definition of handicrafts because it is not only traditional product but it is traditional knowledge and skills. He further said that there are traditional views as well as commercial views because lot of people are involved in exports and if we differentiate the issue of traditional handicrafts they may loose the interest also. Therefore, we have to take into account the commercial people so as to balance the situation.

On the suggestion of providing a Warehouse facility to the carpet exporters, Smt. K.G. Menon said that since Handloom & Handicrafts Export Corporation (HHEC) is doing export business of carpets, they are also in the business of hiring warehouses at Hamburg and Middle East. They should be doing such activities.

Shri Ashoke Chatterji suggested to put together short paper on the strategy of export promotion of handmade handicrafts in order to get country understand what the challenges are. The Chairman informed that if the policies are formulated the same will communicated to Commerce Ministry and will get reflected there also.
Shri Malikarjun of Fair Trade organisation suggested that certain guidelines should be formulated for exporters who get the advantage of the schemes of Office of DC (H) as there are malpractices which are happening because the benefits are not reaching to grass root artisans.

The Chairman observed that there is an entire chapter on compliance issues and also now most of the importing countries have also put conditions about the working conditions, about the wages etc. We are emphasizing that the exporters must comply with those compliance issues. The Chairman further said that the factories act, minimum wages act are already in existence, but the main issue is to implement these acts.

Shri Ashoke Chatterji informed that since this is such a critical issue about the welfare of artisans and it is not easy to put all these issues for consideration and recommendations of Planning Commission because there are plenty of laws. There are issues like ethical issue such as child labour, fair-trade constitution etc. which do not fall within our 12th Plan target. To ensure artisans to get better deal, the child labour issue which is a very difficult to address, cannot be addressed by the Planning Commission and the Ministry alone.

On this, the Chairman said that we have a separate group on welfare of artisans which is working on how to make better working conditions of artisans and how to improve the welfare of artisans.

Shri Malikarjun also suggested that Government of India, Ministry of Corporate Affairs has issued guidelines for the business sector and that is ‘Corporate Social Responsibility’, the same should also be incorporated and implemented.

On this, the Chairman said that regarding Corporate Social Responsibility, EPCH have made it a part of their policy and all the export members are following the act. Members of CEPC are contributing for the schooling of the children for their producer group.

Smt. Alka Arora, ADC (H) continued the presentation with Domestic Market and international Marketing.

Shir Ashoke Chatterji suggested that in the category of Workshops/Seminars in India and abroad, craft development organizations, who are looking at International marketing, must also be included because so many organizations are working in
this field but are not registered as exporters. We must encourage them also by including them in Workshops/Seminars as well as International Symposiums.

The Chairman informed the house that the organizations involved in International Marketing of handicrafts must be included and welcomed the suggestion.

Smt. Ritu Sethi said that we must think about 77 lakh people involved in the sector and not a handful of organizations who have good annual turnover. Therefore, the guidelines may be framed accordingly.

Smt. K.G. Menon also seconded the suggestion given by Smt. Ritu and suggested further that we must keep doors open for good people and reputed NGOs.

Shri Malikarjun suggested that a consortium of NGOs may also be included for such International Workshops and Symposiums.

Smt. Gulshan Nanda, Co-Chairperson of Working Group suggested that we should keep such programmes for domestic market also and for the international market, only the reputed organizations who have specialization in international marketing may be allowed.

On the component of Road Shows, Smt. K.G. Menon objected and said that the name should be changes and it should be only Folk Craft Festival.

The Chairman said that since the component of Road Show already exists in the 11th Plan and it will continue with certain amendments.

Shri Ashoke Chatterji emphasized on exploitation of child labour because most of the developing countries are facing this challenge. In the process of exploiting the child labour, they are threatening the ‘Father to Son’ and “Mother to child” transmission of crafts. He therefore, suggested for conducting studies to preamble career opportunities in the craft sector for next generation so that there is understanding that there is not exploitation of children in the craft sector.

So the need is to balance the concern of child labour with a concern for father to son and mother to child transmission of craft tradition.

Shri Malikarjun expressed that this is a very critical problem as earning of craft and learning of craft are two different things. What is permissible and what is not permissible, the ground realities needs to be understood because a lot of buyers have left to work with artisans only because of child labour problem.
On this issue, the Chairman said that the child labour, particularly in carpet sector have gone very big and consultants have been appointed who are regularly doing survey. So, we have also distinguished the child working with parents and the child working with other organizations as a labour, which we totally discourage. He further said that, we also emphasize that a child should not be deprived from schooling because it is also a fundamental right. The major problem is in carpet sector and now they have put Zari in the watch list also.

On the suggestions of Mrs. Menon regarding Product Development for Exporters, it was decided to include organization in the list of eligible institutes “Vishwa Bharti” and other and the funding may be enhanced from 40:60 to 50:50.

On Brand Promotion Smt. K.G. Menon said that the use of term ‘Brand’ is not appropriate for handicraft products and it would be better to use some other term.

On this the Chairman said that the details of the scheme are yet to be worked out.

After the presentation, the Chairman requested all the members to give any suggestion, which has been left over.

On this Smt. Ritu aid that the suggestion regarding buyers-sellers met in artisanal areas has not been included. Which was duly agreed to further Mrs. Jaya Jaitley proposed a academy on the lines of Lalit Kala Academy. While concluding the meeting the report was adopted by the committee subject to above suggestions.

The meeting ended with vote of thanks to the chair.
11.4.2 Subgroup II: Cluster, Infrastructure and Technology

11.4.2.1 Orders for creation of subgroup Cluster, Infrastructure and Technology

**ORDER 1**


Government of India  
Ministry of Textiles  
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram  
New Delhi – 110 066  
Dated: 18th June, 2011

**ORDER**

Sub: Constitution of Sub-Group on Cluster, Infrastructure & Technology for the 12th Five Year Plan

It has been decided to constitute a Sub-Group on Cluster, Infrastructure & Technology for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan.

The Composition of Sub-Group on Cluster, Infrastructure & Technology is as under:-

<table>
<thead>
<tr>
<th>No.</th>
<th>Name and Designation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Development Commissioner for Handicrafts</td>
</tr>
<tr>
<td>2</td>
<td>Smt. Alka Arora, Addl. Development Commissioner[Handicrafts], O/o DC[Handicrafts], New Delhi</td>
</tr>
<tr>
<td>3</td>
<td>Shri Rohit Bhardwaj, Director[Handicrafts], O/o DC[Handicrafts], New Delhi</td>
</tr>
<tr>
<td>4</td>
<td>Representative from Planning Commission</td>
</tr>
</tbody>
</table>
2. Terms of reference are as under:-

I. To devise the strategy of Cluster Development Programme in the Sector in 12th Plan.

II. Assessment of the current status of the scheme being implemented namely “Ambedkar Hastshilp Vikas Yojana” in terms of reach, effectiveness, implementation methodology and outcomes.

III. To assess similar schemes being implemented by other Departments/Ministries and assess requirements for adopting features of any such scheme.
IV. To suggest incorporation of new components or modification in the existing components to meet the sectoral requirements and encourage productive employment.

V. To assess the need of the permanent infrastructure like Common Facility Centre, Raw Material Banks, Resource Centres and to suggest additional measures for setting up infrastructure at Cluster Level.

VI. To suggest measures for establishing and strengthening synergies with different institutions and agencies working in the field of Cluster Development.

VII. To assess the need for introduction of new technologies in view of competition from Asian Countries.

VIII. To review and clearly demarcate areas where Government interventions are necessary and those where PPP or NGO partnership is possible/desirable.

IX. To suggest need for special dispensation in the scheme for North Eastern States, if required.

X. To estimate the physical scale in terms of number of clusters to be taken up and the resultant financial requirements for implementing the improvised AHVY Scheme in the 12th Plan Period.

XI. To undertake a technology mapping in the major artisanal clusters and to suggest measures to recognize and promote innovations in design, technology, tools and other craft related spheres.

XII. Any other point with the permission of the Chair.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011
[V.P.Thakur]
Sr. Assistant Director (P&R)
ORDER 2


Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066
Dated: 5th July, 2011

ORDER

Sub: Constitution of Sub - Group on Cluster, Infrastructure & Technology for the 12th Five Year Plan

In continuation to the order even no. dated 18/06/2011 on constituting a Sub-Group on Cluster, Infrastructure & Technology for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan. The following member(s) shall also co-opt for the said Sub-Group:-

i. Smt. Kasturi Gupta Menon - Member

2. Terms of reference are as under:-
1. To devise the strategy of Cluster Development Programme in the Sector in 12th Plan.

2. Assessment of the current status of the scheme being implemented namely “Ambedkar Hastshilp Vikas Yojana” in terms of reach, effectiveness, implementation methodology and outcomes.

3. To assess similar schemes being implemented by other Departments/Ministries and assess requirements for adopting features of any such scheme.

4. To suggest incorporation of new components or modification in the existing components to meet the sectoral requirements and encourage productive employment.
5. To assess the need of the permanent infrastructure like Common Facility Centre, Raw Material Banks, Resource Centres and to suggest additional measures for setting up infrastructure at Cluster Level.

6. To suggest measures for establishing and strengthening synergies with different institutions and agencies working in the field of Cluster Development.

7. To assess the need for introduction of new technologies in view of competition from Asian Countries.

8. To review and clearly demarcate areas where Government interventions are necessary and those where PPP or NGO partnership is possible/desirable.

9. To suggest need for special dispensation in the scheme for North Eastern States, if required.

10. To estimate the physical scale in terms of number of clusters to be taken up and the resultant financial requirements for implementing the improvised AHVY Scheme in the 12th Plan Period.

11. To undertake a technology mapping in the major artisanal clusters and to suggest measures to recognize and promote innovations in design, technology, tools and other craft related spheres.

12. Any other point with the permission of the Chair.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011

This issues with the approval of DC(H).

[V.P.Thakur]
Sr. Assistant Director (P&R)
11.4.2.2 Minutes of meetings

MINUTES OF THE FIRST MEETING OF THE SUB GROUP ON CLUSTER, INFRASTRUCTURE AND TECHNOLOGY IN CONNECTION WITH FORMULATION OF 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 27.06.2011 AT 3.00 P.M, IN THE COMMITTEE ROOM OF THE OFFICE OF THE D.C.(HANDICRAFTS), NEW DELHI.

List of Members who attended the meeting is at Annexure –I.

Shri S.S. Gupta, Development Commissioner (Handicrafts), extended warm welcome to the members present.

1. A detailed Presentation on Ambedkar Hastashilpa Vikas Yojana (AHVY) Scheme with emphasis on Infrastructure and Technology components was made by Smt. Alka Arora, ADC(Handicrafts). Presentation included component wise details of the AHVY Scheme, its Financial parameters, achievements in 11th Plan Period, brief on infrastructure based projects such as CFC, Raw Material Bank, Resource Center, brief on Mega Cluster etc. Copy of the presentation was made available to all the members present.

2. Presentation on the Infrastructure component with few case studies including that of Narsapur Mega Cluster, was also made by Ms. Sarmistha, IL&FS. She presented a successful cluster model and deliberated upon the critical components of the cluster and their impact on the development of the cluster.

3. On completion of the presentation, DC(H) invited the members present, to suggest upon improvements, modifications in the existing scheme in order to formulate new strategy for 12th Plan.

4. Smt. Runa Banerjee, General Secretary, SEWA, Lucknow, observed that cap of Rs 20,000 per artisans for five years under AHVY Scheme is insufficient and needs to be enhanced. She further stressed upon selection of qualified and efficient designers for more customer oriented and marketable designs. Artisans may be able to sell their products for which O/o DC(Handicrafts) may come up with sustainable Marketing Programme.
Chairman agreed upon to the observation of Smt. Banerjee, that the cap of Rs 20,000 per artisan for five years is insufficient and should be enhanced. On the Marketing aspect, Chairman informed the members present that on an average 6 events are being organized every month all over the country in such a way that on each day one or the other event is held. Marketing events like sponsor of Artisans in Dilli Haat, Master Creation, Gandhi Shilpa Bazars, Craft Bazars and Exhibitions have proved to be very successful in providing marketing platform to artisans, however he stressed that effort is required to enable artisans to easily participate in such events. The Chairman also opined that, marketing event for cluster specific artisans could be considered.

5. Shri Rajagopal, CMD, SIPPO, Madurai, suggested that designers from Craft School of State Government should be allowed to be engaged as designers in the Design workshops/projects. Sh. P.K. Khullar, Regional Director (CR), O/o DC(Handicrafts), explained on the process of empanelment of the Designers and informed that Graduates in the Field of Arts and Craft or related field from recognized institutes/universities are being empanelled by O/o DC(H) and are eligible to be engaged as designers by the Implementing Agencies for Design Workshops/projects.

6. Smt. Anuradha Sahu, National Awardee, observed that the Designers particularly from NIFT/NID are theoretically good however they lack knowhow of craft technology. It is important to have demarcation in simple craft and complicated craft based on which designers may be engaged. It may be more practical and fruitful if National Awardees/Ship Gurus may be associated with the designers. She further expressed that there is a need to reconsider the process of empanelment of Designers.

7. To improve the efficiency and effectiveness of empanelled designers, Shri R.K. Srivastava, Executive Director, NCDPD, suggested 6 Months internship course for empanelled designers under mentorship of NCDPD. Chairman further expressed his view to consider International Designers to improve upon marketable designs.

8. Ms. Sarmistha Mohapatra, Clusters Head, IL&FS, suggested to build competitiveness of the Handicrafts clusters and optimize use of Resources. She stressed upon Institutional Structure to promote sustainable growth of Clusters. Further as suggested upon by Ms. Mohapatra, Chairman expressed his willingness to adopt Model of “One Craft One Village” on the pattern of South East Asian Countries. Chairman also suggested to map major clusters in the country and adopt at least 10 clusters as pilot project for development on the model of “One Craft One Village”.
9. On invitation of Chairman to suggest upon feasibility of Handicraft Park, Ms. Sarmistha cited example of Mega Food Park at Chittor, Andhra Pradesh wherein individual farmers and SHGs form the core group and which has been very successful and a similar model could be feasible for Handicrafts Sector. On further query of ADC(H), she was of the view that Natural clusters are more successful than created clusters.

10. Shri V.K. Goel, Consultant(VSE), Planning Commission, observed that some components of various scheme of O/o DC(H) are overlapping. It was clarified that though components are similar in various schemes but there is no overlapping as the target beneficiaries are different in different schemes. Sh. Goel further opined that based on study of successful clusters, entire scheme is to be restructured.

11. Smt. Runa Banerjee, SEWA, shared the success story of the Cluster implemented by M/s SEWA at Lucknow. She observed that strong marketing strategy is necessary for sustainability of cluster. Products made by the artisans of the cluster are of good quality and there is no compromise on quality. SEWA organizes approx. 20 exhibitions annually, to provide marketing platform to the cluster artisans.

12. Smt. Anuradha Sahu, National Awardee, desired to know the success stories of AHVY Clusters in the past. Chairman, informed that Mid Term evaluation of AHVY scheme have been carried out and copy of the same shall be circulated to all the committee members. Smt. Anuradha further emphasized that strategy for successful implementation of Handicrafts Clusters during 12th Plan should be based taking into consideration that large artisan population is rural and deep rural based. As the starting point of any project is very important for its successful implementation, it is necessary to have proper Base Line Survey and Mobilization of Artisans. She also stressed the association of District Collector at district level for successful implementation of AHVY interventions.

Smt. Sahu further suggested that any Implementing Agency of AHVY Cluster may not be awarded 100 % funding. It was suggested that Association/ Clubbing of Institutional Bodies for implementation of few interventions such as Design Development, Entrepreneurship Development etc., with Implementing Agencies could be considered for successful implementation of interventions. Smt. Sahu further observed that Rs 1500/- per month payable as wage compensation to artisans under Skill Development Programme is too less and requires revision.

13. Shri Vijay Mahajan, Basix, observed the necessity of Public Private Partnership (PPP) Mode for cluster development Programme.
14. Shri S. Rajagopal, CMD, SIPPO, Madurai observed that Base Line Survey Report may be approved before sanction of interventions. Wage Compensation to Cluster Manager i.e Rs 2756/- per month is too less and may be enhanced. Regarding Infrastructure based interventions particularly Common Facility Centre, Sh. Rajagopal observed that lease period of 99 years may not be insisted upon instead 33 years period may be considered.

15. Shri Y.M. Reddy, MD, APHHDC, Hyderabad suggested that all the interventions implemented in the cluster may be uploaded on the website. This was supported by other members, who also insisted that list of beneficiaries in each interventions may also be uploaded.

16. Shri Mallikarjunaiah, Dy. Director (H), O/o DC(Handicrafts), emphasizes the importance of Technology for sustainability of Handicrafts Clusters. He suggested that amount of Rs 5000/- per tool kit should be revised to Rs 10000/- . The scheme should have provision to assist/support Entrepreneurs in Handicrafts Sector so as to encouraged them to set up new units. Shri Mallikarjunaiah further suggested that strategy for 12th Plan should focus on individual artisan.

Before concluding the meeting, Chairman, observed that there is a need to have separate scheme for setting up of Infrastructure in Handicrafts Sector. He further decided that Regional Directors should conduct meetings with Field Officers and Implementing Agencies and come up with suggestions for 12th Plan.

17. Although due care has been taken to include the views and suggestions made by each and every Member, still if there is any inadvertent oversight, the Hon’ble Members are requested to bring it to our notice so that it could be included in the future deliberations.

Members may send their views and suggestions to the following dedicated Email ID:

mailto:dch.cluster@gmail.com

Next meeting will be held on 12.07.2011 at 3.00 p.m.

The meeting ended with the vote of thanks to the Chair.
MINUTES OF THE 2nd MEETING OF SUB GROUP ON CLUSTER, INFRASTRUCTURE AND TECHNOLOGY FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 12.07.2011 AT 3.00 P.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

List of participants is at Annexure –A.

Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman, extended warm welcome to the members.

In his welcome address, DC(H) expressed that since infrastructural interventions are extremely important for the growth of Handicrafts Sector, there is a need to have separate scheme for Infrastructure based projects. The Infrastructure based interventions such as Raw Material Bank, Resource Centre and Common Facility Centre, shall be segregated from the Cluster Scheme. Thereafter DC(H) called upon Ms Sarmistha from IL&FS, to make presentation on Cluster.

Ms. Sarmistha made a detailed Power Point presentation on the Concept of the Cluster, Its Key components, Factors responsible for sustainable growth of the cluster, Forward and backward linkages. She also presented cluster model being followed by other Ministries / Govt. Departments. Ms. Sarmistha highlighted that the Key components for sustainable growth of Clusters are its infrastructure, Supply –Chain Management, Capacity Building, and Institutional Credit Linkages.

Under Infrastructure Ms. Sarmistha suggested concept of Parks where artisans can set up their own units. Presently our AHVY Cluster is CFC Centric being the only infrastructure based intervention within the Cluster. She suggested that CFC should be need based. Development of Testing facilities, setting up of Effluent Treatment plants could be other cluster specific need based infrastructure interventions.

Ms Sarmistha presented comparative study on the various cluster infrastructure concepts of other was focused on objective of the scheme, Funding pattern and their broad components. She added that broad components are given in these scheme, however none of these scheme specify how much to be funded in each components. Whereas in our schemes of Infrastructure we have cap limit fixed for each subcomponent as a result Diagnostic Reports are made to suit these component wise funding caps.
Ms Sarmistha observed that there is a need to have paradigm shift from allocation based scheme to demand driven scheme. DPR is very important as such DPRs to be prepared in consultation with all Stake holders. If we have need based infrastructure within the cluster then one cluster may not require CFC . Stake holders participation is missing in the present cluster concept . Its purely artisan centric. There is a lack of handholding agencies . Current financial incentives are inadequate for infrastructure point of view . Based on funding there could be Mega Cluster ; Tier 1 cluster with maximum funding of Rs 15.00 crore and Tier –II with maximum funding of Rs 5.00 Crore. Currently all cluster are treated on similar pattern . She suggested that clusters may be (a) Locality based (Small size) , (b) with artisans between 5000 and 20000 and (c) Export oriented clusters having above 20000 artisans.

Ms Sarmistha concluded her presentation by suggesting the following strategies :-

i) Building Institution at Grass root enterprise.

ii) Aim to organize artisans to strong production base having direct linkages with exporters.

iii) To adopt 20 pilot clusters of Tier II clusters as stated above so as to achieve the concept of One Craft one Village Model.

iv) Eligibility criteria for Implementing Agencies needs revision.

v) Implementation framework to be revised.

vi) We must move to IT enabled monitoring mechanism.

vii) SPVs can also be consortium of Artisans.

viii) Separate policy for Infrastructure (a) Park Model where people can come and set up their units in park (b) Cluster of small model say upto 2000 artisans.

ix) Guiding framework as to how partners could be formed and platform for convergence with tourism.

Shri Rohit Bhardwaj , Director (H) , O/o DC(H) , said that the Cluster Development Scheme of this office is comprehensive. In addition to Infrastructural support , the scheme provides for Credit Linkages , Market Linkages , Forward and Backward linkages , Raw Material Support , Technological Support etc. However the only lapse in the cluster Scheme of this office is in terms of its methodology.

Shri Rohit suggested a component of “Community Production Centre” where artisans can come , work in a structural and Industrial environment . This will not only enhance the productivity but also the quality of the products.

Raw Material Banks may be made available nearer to every cluster and may be made easily available at comparatively lower prices to the artisans . Fluctuation of pricing of Raw
Materials could be dealt with by arranging for stocking of Raw Material in sufficient quantity and providing the same to the artisans at moderate and fixed price over a period of time. Protecting and planning for the continuous availability of local Raw Materials for Handicrafts has to be done.

Raw Material Banks should be given enough funds to stock the necessary materials needed and should be given tax exemptions to compete with other agencies. There should be uniform policy of subsidy in allowing subsidy for Raw Materials. The working of the Raw Material banks may be assessed through a third party evaluation. Specialized agencies in States and Centre could be involved in developing Raw Material sources. Local Bodies could be involved in developing SHGs and help them to get adequate raw materials and credits.

Ms. Runa Banerjee, General Secretary, SEWA supported the concept of “Community Production Centre” for the reason that there are so many ultra poor artisans who cannot afford a work place with industrial environment. Such artisans can use the Community production centre for their livelihood. She expressed that such community Production may have the facility of Crèche, Toilet, First Aid and other basic requirements.

Shri V.K. Goel Consultant (VSE), Planning Commission observed that initially it may be easy to fix ceiling as proposed in Tier –I and Tier II Clusters but tough to find out components. He informed that during various meeting the representatives of State Govt. expressed their unawareness about Handicrafts Schemes as such suggested association of State Governments. Shri Goel agreed upon that the clusters may not only be limited to NGOs and SPVs may be introduced as implementing partners.

DC(H) informed the members that State Governments have not been directly associated perhaps because funding is not routed through them, however he agreed to associate the State Government as consultative for implementation of various schemes and development of Handicrafts Sector.

Shri Rohit Bhardwaj suggested to have specialized Implementing Agency to get better result rather than one single agency which takes up everything.

Smt Anuradha Sahu, National Awardee opined that the current funding pattern i.e 50% release as advance and balance 50% as reimbursement is not adequate and need to be revised. She suggested funding pattern in three parts and the last amount to be released only when cluster attains sustainability.
During the discussion Sh. Goel suggested members to have a visit to a cluster to experience ground reality. The suggestion was welcomed by all and was readily agreed upon by the DC(H). DC(H) decided to have a visit of Handicrafts cluster in Delhi on 16th July 2011 at 11 a.m and invited members to convey their willingness so that necessary arrangements be made.

The next presentation was made by Smt. Anuradha Sahu. Smt. Sahu observed that there is a need of Coordinating and Rapid Communication. Increase in role of District and State Govt. in Cluster implementation as they are the best agency to report upon the craft of their area / state. There is a need to have every three months reporting (Inputs) from District Collector. To know how things are working only two factors input (from District Collector) and output (Outcome of cluster) is required. She added that because of availability of other livelihood options artisans are shifting to other sector as such there is a need to make the clusters more functional. Incidences are available for dislocation of crafts also. Smt. Sahu suggested nomenclatures for clusters like Urban Cluster, Women Cluster, New Craft Cluster etc.

On the Training programme Smt. Sahu Suggested to have two types of Training (a) Basic Training and (b) Advance Training. Basic training for new craft persons and advance training for old and skilled craftpersons. Financial parameters of both the training may remain same. Honourarium to artisans may be increased to Rs 100/- per day. Similarly for Integrated Design Projects Wage Compensation to artisans should be minimum Rs 10000/- for entire project period @ 100/- per day for 100 working days. For Exhibitions she suggested provision of TA /DA for all participating artisans and not only for Demonstrators.

Smt. Sahu further observed that local craft experts like National Awardees / Master craftpersons to be associated with the designers for better co ordination. She suggested that Functionality and sustainability certification for clusters is required from District Collector as they are the best person to know the working of his area. Designs are the soul of the craft. Prototypes remain idle. Design Workshops are closed programme and prototypes are made in functional isolation. There is need for reorientation in terms of concept, research and functional operation. Need is to keep whole data of prototypes/Designs in net.

DC(H) informed the members that Designers are selected from the empanelled list of the office. We are in process of formulating scheme to properly utilize prototypes and also dispose them off meaningfully.
Smt. Gulshan Nanda, Co-Chairman, sharing her experience opined that sometimes Fusion takes away character of particular places. We may not deliberately go for fusion. Smt Sahu clarified that it is not matter of Fusion it is basically that the prototypes are lying in isolation and can be good source to artisans in designing and developing products.

Smt Sahu suggested that creation of Information Data Base is required. There is a need to have linkages of like clusters like linkages among terracotta clusters, Metal Based clusters. She further suggested to have internship programmes which will be 100% inhouse programme and 3rd year students to take internship programmes so that they may learn and also artisans may learn. She further suggested for Craft Technology Bank and Rapid Implementation Programme. Designs get obsolete very fast. She suggested that team of 5-10 persons with Design/Technological background to go abroad, learn and come back do conversion within Indian Parameters. Aim is to grasp technology. DC(H) expressed his willingness to invite Foreign Designers for programmes within the country.

Sh. R.K. Srivastava, NCDPD, cited example of Glass Training School at Checz Republic where artisans are taught from Raw Material stage, its grading, BATCH making, Blowing of Glass, Finishing, Marketing, Designing, Use of Furnace and mostly practical knowhow. He suggested that such model or Training Centres are required in our country.

Smt Sahu continuing her presentation suggested that Marketing Events should have participating Hours say from 4 P.M to 7 p.m where people come to learn the craft. This will promote the craft in much better way. Need is to create international certification about Handmade, originality and safe products. She further suggested to have encouragement factor so that children of Craftpersons may continue with the craft. There may be provision of Stipend and Scholarship.

Shri S. Rajagopal, SIPPO, Madurai suggested that under Design and Technology Dev. Workshop Designer cum Technical Consultant may be engaged and designer fees to be increased from Rs 60,000/- to 75,000/-. Technical Consultants are required for certain crafts like metal, ceramics etc. Under Integrated Design Dev. Project the Designer Fees and the Wage Compensation to be increased. Shri Rajagopal further expressed that an exhibition with 15 artisans is not successful. There shall be participation of Minimum 30 artisans. Under Publicity through Print and Electronic Media, NGOs arte not the beneficiaries, this may be considered.

DC(H) assured members that their views will be given due consideration while finalizing the report of the sub groups. DC(H) in his conclusion informed the members that final meeting
would be held on 29th July 2011 and before that by 25th July 2011 Daft Report will be circulated. He requested the members to send their views on the report.

The meeting ended with the vote of thanks to the Chair.
Minutes of the 3rd Meeting of the Sub Group on Cluster, Infrastructure & Technology in the Handicraft Sector for the 12th Five Year Plan held on 29.07.2011 at 03.00 P.M. under the Chairmanship of Development Commissioner [Handicrafts] in the Committee Room of Office of the Development Commissioner [Handicrafts] to consider the Draft Report of the Sub Group

The list of the participants is attached at Annexure-I.

The Chairman welcomed all and explained the agenda for the meeting to all the members. Shri Rohit Bhardwaj, Co-Chairman & Convener was requested to make a presentation on the salient features of the Draft Report. Subsequently, the detailed presentation was made by Shri Bhardwaj covering the following aspects:

1. Methodology
2. Recommendations of the Sub Group with respect to Cluster Development Infrastructure & Technology.
5. Proposed special package for NER in form of a new scheme.

It was explained to the Committee that the Cluster Development Programme has largely been able to cater to the needs of the artisans by way of contributing towards their rise in income. However, certain constraints and challenges have been experienced while implementing the scheme in the 11th Five Year Plan especially in the field of infrastructure creation, implementing mechanism, monitoring and evaluation systems and therefore there is a need to modify the existing schemes so that the micro enterprise remain competitive vis-à-vis other South Asian countries. Shri Ashok Chatterjee wanted to know whether there is a standard definition of artisan cluster followed by the Office of the DC[Handicrafts]. It was explained to Shri Chatterjee that in the report different approaches of Cluster Development Programme have been dealt with, however all these approaches are primarily towards industrial units and there is no definition available for the artisan cluster.

Elaborating further this point, it was informed to the Committee that as per the office of the DC[Handicrafts], Cluster is defined as agglomeration of 100 artisans. In case of NER, J&K
and other hilly trains the number of artisans have been reduced to 50 artisans. Though the geographical extent has not been defined but generally one district or maximum two districts are considered. It was also explained that considering the uniqueness of the sector, there is a strong case for not trying to have a common definition of the cluster.

Ms. Kasturi Gupta Menon, Honorary Chairperson, M/s Craft Council of India suggested that the number of artisans should be reduced to 50 from 100 uniformly for the entire country as in a singly craft finding 50 artisans in a continuous geographical area or in a district will be very difficult. The Chairman was of the view that reducing the number for a cluster will lead to restrictive funding and limited activity which may not be fruitful in the long run.

After detailed discussion, it was decided that the definition of the cluster for the Handicraft Sector may be taken up in the Working Group for a decision.

While discussing the changes proposed in the Cluster Development Scheme the following was decided: -

1. Solar Larten may be made eligible for distribution under the scheme.

2. The design project will remain for a period of six months. However, out of six months two months will be dedicated for marketing intelligence gathering, marketing testing, etc. and four months will be utilized for training purpose.

3. In the Skill Development Programme the number of trainees may only be stipulated in terms of maximum permissible and any reduction in the number may be offset by corresponding decrease in the funding.

4. In the Margin Money Support Programme the assistance may be increased to Rs. 10,000 per artisan subject to the maximum of Rs. 8 lakh per cluster.

5. SHGs may also be made eligible for assistance under Margin Money Component.

6. The wage compensation for Cluster Manager may be increased to Rs. 12,000 per month for a period of 60 months maximum which will include travel component also.

During the discussion, Ms. Kritika Singh wanted to know about the E-kiosk component of the scheme. The purpose and other features of the E-kiosk component were explained in detail.
It was also explained to the Committee that a new scheme by the name “Infrastructure” is proposed to be introduced in the 12th Five Year Plan by consolidating the different infrastructures components of the scheme of DC[Handicrafts] and also by introducing the new components like mini Urban Haat, Craft Institute, Training Schools, Handicraft Parks, etc. The members were of the view that the Advanced Handicraft School may also incorporate the Design Component and therefore may be renamed as “Advanced Handicraft Design School. Further, the craft may not be specified for those schools and they may be set up as per the requirement.

Ms. Anita Reddy was of the opinion that the Handicraft Park may be renamed as “Craft Village” which will have production and infrastructure facilities for the artisans. Subsequently, it was decided that another component by the name “Craft Village” will be introduced in the 12th Five Year Plan under Infrastructure Scheme. She also expressed her support for introduction Workshed cum Housing Component under the scheme. Ms. Gulshan Nanda, Co-Chairperson Working Group observed that museum should be created to catch the evolution of different crafts in the country.

Lastly, special scheme proposed to be introduced in the 12th Plan for NER Region was presented to the Committee. The Committee was of the opinion that the schemes seems to be relevant to NER Region. However, it may be implemented after taking into account the local condition of the different states.

While concluding the meeting, the draft report was adopted by the Committee subject to the modifications suggested during the meeting. It was also informed by the Chairman that in case any further recommendations are received by this office from the members those will also be considered for incorporation even also at working group stage.

The meeting ended with a vote of thanks to the Chair.
11.4.3 Subgroup III: Artisan Welfare

11.4.3.1 Orders for creation of subgroup on Artisan Welfare

ORDER 1

Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066
Dated: 18th June, 2011

ORDER

Sub: Constitution of Sub - Group on Artisan Welfare for the 12th Five Year Plan

It has been decided to constitute a Sub-Group on Artisans Welfare for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan.

The Composition of Sub-Group on Artisans Welfare is as under:-

<table>
<thead>
<tr>
<th>No.</th>
<th>Name and Designation</th>
<th>Position</th>
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<tbody>
<tr>
<td>1.</td>
<td>Development Commissioner for Handicrafts</td>
<td>Chairman</td>
</tr>
<tr>
<td>2.</td>
<td>Smt. Alka Arora, Addl. Development Commissioner [Handicrafts], O/o DC [Handicrafts], New Delhi</td>
<td>Co-Chairperson &amp; Convener</td>
</tr>
<tr>
<td>3.</td>
<td>Shri Rohit Bhardwaj, Director [Handicrafts], O/o DC [Handicrafts], New Delhi</td>
<td>Co-Chairman</td>
</tr>
<tr>
<td>4.</td>
<td>Shri P.K. Khullar, RD [CR], O/o DC [Handicrafts], Lucknow</td>
<td>Member</td>
</tr>
<tr>
<td>5.</td>
<td>Representative of M/s IRDA, Hyderabad</td>
<td>Member</td>
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<tr>
<td>No.</td>
<td>Name and Details</td>
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<tr>
<td>6.</td>
<td>Ms. Urmila Goswami, Under Secretary, Ministry of Labour &amp; Employment, Jaisalmer House, Man Singh Road, New Delhi</td>
<td>Member</td>
</tr>
<tr>
<td>7.</td>
<td>Representative from M/s ICICI Lombard General Insurance Company</td>
<td>Member</td>
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<tr>
<td>8.</td>
<td>Representative from Life Insurance Corporation of India</td>
<td>Member</td>
</tr>
<tr>
<td>9.</td>
<td>Representative from Ministry of DoNER, Vigyan Bhawan, New Delhi</td>
<td>Member</td>
</tr>
<tr>
<td>10.</td>
<td>Shri Sudarshan Sahoo, Padamshree, Orissa</td>
<td>Member</td>
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<tr>
<td>11.</td>
<td>Shri Onkar Dhawan, National Awardee, New Delhi</td>
<td>Member</td>
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<tr>
<td>12.</td>
<td>Representative from M/s EPCH, New Delhi</td>
<td>Member</td>
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<td>13.</td>
<td>Representative from Union Bank of India</td>
<td>Member</td>
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<tr>
<td>14.</td>
<td>Representative from M/s Crafts Council of India, Chennai</td>
<td>Member</td>
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<tr>
<td>15.</td>
<td>Regional Director[NR], O/o DC[Handicrafts], New Delhi</td>
<td>Member</td>
</tr>
<tr>
<td>16.</td>
<td>Commissioner &amp; secretary (Industries), Chattisgarh</td>
<td>Member</td>
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<tr>
<td>17.</td>
<td>MD, Handicrafts Development Corporation, Goa</td>
<td>Member</td>
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<tr>
<td>18.</td>
<td>Shri Vijay Mahajan, BASIX</td>
<td>Member</td>
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<tr>
<td>19.</td>
<td>Shri Kirti Singh</td>
<td>Member</td>
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<td>20.</td>
<td>Commissioner &amp; secretary (Industries), Sikkim</td>
<td>Member</td>
</tr>
<tr>
<td>21.</td>
<td>Commissioner &amp; secretary (Industries), Arunachal Pradesh</td>
<td>Member</td>
</tr>
<tr>
<td>22.</td>
<td>Director, IICT Srinagar</td>
<td>Member</td>
</tr>
<tr>
<td>23.</td>
<td>Representative of Director General of Employment &amp; Training, Ministry of Labour</td>
<td>Member</td>
</tr>
<tr>
<td>24.</td>
<td>Representative from National Institute of Rural Development</td>
<td>Member</td>
</tr>
<tr>
<td>25.</td>
<td>Ms. Anita Reddy, Chittoor</td>
<td>Member</td>
</tr>
<tr>
<td>26.</td>
<td>Representative from Reliance General Insurance Company</td>
<td>Member</td>
</tr>
</tbody>
</table>

2. Terms of reference are as under:-
   I. To assess whether living standards and livelihood of artisans have improved and suggest measures for enhancement.
   II. To suggest ways and means for ensuring proper working environment and easy access to health care facilities and insurance cover to artisans particularly for disadvantaged sections of the population such as SC & ST.
III. To review and suggest measures to enhance environmental impact on craft artisans.

IV. To review and suggest measures to improve occupational health and safety standards, including better ergonomics for artisans.

V. To examine, review and analyze the existing Scheme implemented in the 11th Plan in respect of Handicrafts sector with specific reference to Social welfare measures such as health insurance, life insurance, pension scheme.

VI. To suggest measures for improving the living standard and welfare measures of the Handicrafts artisans in the 12th Plan by bringing them under Social Security measures like pension, health & life insurance etc and steps to combat occupational health hazards.

VII. To suggest need for special dispensation in the scheme for North Eastern States.

VIII. Any other such issues found to be relevant.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs.

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011

[V.P.Thakur]
Order 2 for Artisan Welfare Group


Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066
Dated: 5th July, 2011

ORDER

Sub: Constitution of Sub - Group on Artisan Welfare for the 12th Five Year Plan

In continuation to the order even no. dated 18/06/2011 on constituting a Sub-Group on Artisans Welfare for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan. The following member(s) shall also co-opt for the said Sub-Group:-

i. Smt. Kasturi Gupta Menon, Kolkata - Member
ii. Representative from Planning Commission - Member

2. Terms of reference are as under:-

1. To assess whether living standards and livelihood of artisans have improved and suggest measures for enhancement.
2. To suggest ways and means for ensuring proper working environment and easy access to health care facilities and insurance cover to artisans particularly for disadvantaged sections of the population such as SC & ST.
3. To review and suggest measures to enhance environmental impact on craft artisans.
4. To review and suggest measures to improve occupational health and safety standards, including better ergonomics for artisans.
5. To examine, review and analyze the existing Scheme implemented in the 11th Plan in respect of Handicrafts sector with specific reference to Social welfare measures such as health insurance, life insurance, pension scheme.
6. To suggest measures for improving the living standard and welfare measures of the Handicrafts artisans in the 12th Plan by bringing them under Social Security measures like pension, health & life insurance etc and steps to combat occupational health
hazards.
7. To suggest need for special dispensation in the scheme for North Eastern States.
8. Any other such issues found to be relevant.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011

This issues with the approval of DC(H).

[V.P.Thakur]
Sr. Assistant Director (P&R)
11.4.3.2 Minutes of meetings

MINUTES OF THE FIRST MEETING OF SUB GROUP ON ARTISAN WELFARE IN CONNECTION WITH FORMULATION OF THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIROMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 21.06.2011 AT 04.00 P.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

List of Members who attended the meeting is at Annexure-I.

After welcoming the Members present, the Chairman Sh. S.S Gupta, Development Commissioner (Handicrafts) requested Smt. Alka Arora, ADC (H) to give a brief presentation on the Welfare Schemes for handicraft artisans being implemented by the Office of DC (Handicrafts) in the 11th Plan period.

2. Accordingly, a presentation was made which informed the members about the Rajiv Gandhi Shilpi Swasthya Bima Yojana, the Janashree Bima Yojana for handicraft artisans and the Pension Scheme under indigent circumstances for only the Awardees and National Merit Certificate holding artisans. Thereafter, the Chairman requested the members to share their valuable views and give suggestions with regard to the Welfare Schemes and with reference to the ToRs of this Sub Group.

3. Shri Sudarshan Sahoo, a Padamshree Awardee artisan in Stone carving from Orissa informed the meeting about the difficulties artisans face in getting their medical reimbursement claims from the Insurance Companies. He also informed that the Insurance Companies were indiscriminately rejecting the claims of artisans without informing any reasons. He further informed the difficulties in getting quality raw materials and the need for distribution of improved tools to the artisans, issuance of ID Cards, increase in pension etc. for which he also circulated a written request addressed to the DC (Handicrafts) for appropriate action.

3.1 The Chairman, while sharing the concerns expressed by Shri Sahoo, informed that since this Sub Group was specific to welfare measures for the artisans, Shri Sahoo’s suggestion about streamlining claim settlement under the Health Scheme and need for upward revision in Pension to the artisans have been taken note of for appropriate action.
The Chairman further informed that as a step towards speedy settlement of claims, the present contract with the Company provides for penalties in case of non-settlement of medical reimbursement claims of the artisans within the prescribed 30 day’s period. The Chairman simultaneously observed that a country-wide report on pending claims with the Insurance Company shall be generated at the earliest.

3.2 As for other suggestions as contained in the paper submitted by Shri Sahoo, the Chairman informed that these would also be taken up with the corresponding Sub Groups.

4. Ms. K. Singh of AIACA informed that her organization had conducted some studies in eight craft pockets to assess the need for improvised tools to facilitate better productivity and quality of artisanal products. The Chairman desired that AIACA should share these studies with the Office of DC (Handicrafts) so that needed follow up action could be taken through the concerned Sub Group.

5. The members present noted that the existing pension of just Rs.1000/- per month was too meager. Coupled with this are the conditions of age being 60 years and the annual income of the applicant Awardee artisans being Rs.15,000/-, which are too restrictive and out of sync with the present day income levels and living standards. The members therefore, suggested that this provision may be revisited and an appropriate pension plan be worked out so that not only the awardees but general artisans may also get the benefit of this important welfare measure.

5.1 Shri Raghupal Singh, Regional Manager, LIC of India informed about an insurance linked pension plan which is currently being finalized.

5.2 Shri V.K. Goyal, Consultant, Planning Commission suggested that the existing pension scheme of the Office of DC (Handicrafts) is under Non-Plan and bringing it under Plan may be advisable since it will facilitate periodic review within and between the Plan periods.

5.3 Accordingly, the Chairman observed that the existing pension scheme may be converted into the plan scheme and more inputs be generated by this Sub Group to arrive at a reasonable pension amount which remains relevant over the next five years period and also to determine an objective and practicable eligibility criteria for an artisan to apply for the same.

6. On the performance of Janashree Bima Yojana for handicraft artisans, the Chairman observed that:

LIC should consider giving individual policies since at present they only have a single master policy for group of artisans; the individual artisan does not even get to know about
his/her being covered under the policy.

Assistance under Shiksha Sahyog Yojana @ Rs. 300/- per quarter for two children should be extended to all eligible cases.

The total coverage under the scheme may be brought at par with the coverage available to Handloom Weavers under their ‘Mahatma Gandhi Bima Yojana’.

7. On these suggestions, Shri Raghupal Singh, Regional Manager, LIC of India informed that issuing of Group Policy is a general policy of LIC. However, the possibilities of issuing individual policy shall be explored. As regards benefits under Shiksha Shyog Yojana, he informed that as matter of their policy, LIC extends this benefit only to 15% of the eligible enrollees. As regards enhancement of coverage, he informed that this will entail enhancement in premium amount also.

8. After discussions on JBY and the pension plan, it was agreed that LIC will develop 2-3 alternative products, separately for JBY with enhanced coverage and for insurance link pension plan. These alternative products shall be placed before the next meeting of the Sub Group through a Power Point presentation by LIC so that after discussion, a suitable insurance product in each of these categories could be finalized for being included in the final report of the Sub Group.

9. The issue of the desirability of enhancing coverage under RGSSBY was also discussed along with ways and means to minimize disputes/dissatisfaction in the matter of claim settlement. At this stage, RD (CR) informed the meeting that one way out towards better claims management could be that the insurance companies must give primacy to the cashless treatment regime and the culture of reimbursement of claims be discouraged through enlarged number of networked hospitals/ dispensaries/ doctors etc. and through continued and sustained awareness among the beneficiaries.

9.1 Shri Milan Maheshwari of ICICI Lombard informed that as per their experience of four years of implementing the RGSSBY for handicraft artisans, at present 65% of the beneficiaries follow the claims reimbursement route and the remaining 35% of the beneficiaries follow the cashless route. The representative of ICICI Lombard and Shri Bharat Bhakshi of Reliance General Insurance Company informed that a preferred course could be introduction of smart cards so that details of transactions could become available on line and that the artisan could have ready access to the usage status of his limit available on his Health Card. The Smart Card with biometric mapping of the beneficiary artisans shall also eliminate the possibilities of fraudulent use of Health Card by any unscrupulous person. This suggestion was accepted in the meeting.

9.2 After discussions on the above aspects, the Chairman observed that both these
insurance companies, in association with the representative of IRDA shall develop two or three alternative health insurance products with varying degree of higher coverage, indicating projected cost implications towards annual premium and Service Tax, with or without a Smart Card. These alternative health insurance products shall be placed before the next meeting of the Sub Group through a Power Point presentation by the Insurance Companies so that after discussion, a suitable insurance product could be finalized for being included in the final report of the Sub Group.

10. Ms. Gulshan Nanda mentioned about the need to deliberate on other points in the ToR such as living standards and livelihood of artisans, working environment, occupational health, safety standards including better ergonomics for artisans etc. The Chairman informed that the ongoing census of handicrafts artisans shall capture information and data on most of these parameters. This shall be shared with the members in the next meeting so that appropriate measures could be devised and finalized for inclusion in the final report of the sub-group.

11. The next meeting of the Sub Group shall be convened at the same venue at 4.00 p.m. on 11.07.2011. The Chairman requested that the members should come prepared with their presentations, views and valuable suggestions for a meaningful discussion.

12. Although due care has been taken to include the views and suggestions made by each and every member, still if there is any inadvertent oversight, the Hon'ble Members are requested to bring it to our notice so that it could be included for the forthcoming deliberations.

Kindly send your further views on the following email ID:

mailto:dch.welfare@gmail.com

The meeting ended with a vote of thanks to the Chair.
Annexure- I

LIST OF PARTICIPANTS IN THE FIRST MEETING OF SUB GROUP OF ARTISAN WELFARE IN CONNECTION WITH FORMULATION OF THE 12TH FIVE YEAR PLAN HELD ON 21.06.2011.

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<tr>
<th></th>
<th>Development Commissioner for Handicrafts</th>
<th>Chairman</th>
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<tbody>
<tr>
<td>1</td>
<td>Development Commissioner for Handicrafts</td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>Smt. Alka Arora, Addl. Development Commissioner (Handicrafts)</td>
<td>Co-Chairperson &amp; Convener</td>
</tr>
<tr>
<td>3</td>
<td>Shri Rakesh Bajaj, Dy. Director, IRDA</td>
<td>Member</td>
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<tr>
<td>4</td>
<td>Shri Sudarsan Sahoo, Shilp Guru, Orissa</td>
<td>Member</td>
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<tr>
<td>5</td>
<td>Shri Bharat Bakshi, Reliance Gen.Insu.Co.</td>
<td>Member</td>
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<tr>
<td>6</td>
<td>Smt. Gulshan Nanda</td>
<td>Member</td>
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<tr>
<td>7</td>
<td>Ms. Kishan Singh, AIACA</td>
<td>Member</td>
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<tr>
<td>8</td>
<td>Shri V.K. Goyal, Consultant, Planning Commission</td>
<td>Member</td>
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<td>9</td>
<td>Shri P.K. Khullar, Regional Director (CR), Lucknow</td>
<td>Member</td>
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<td>10</td>
<td>Shri Raghupal Singh, Regional Manager, LIC of India</td>
<td>Member</td>
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<tr>
<td>11</td>
<td>Shri Prahlad Goyal, LIC of India</td>
<td>Member</td>
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<tr>
<td>12</td>
<td>Shri Sunit Gupta, ICICI Lombard</td>
<td>Member</td>
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<tr>
<td>13</td>
<td>Shri Milan Maheshwari, ICICI Lombard</td>
<td>Member</td>
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<td>14</td>
<td>Shri Bharat Bhakshi, Reliance General Insurance Company</td>
<td>Member</td>
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<tr>
<td>15</td>
<td>Smt. Shaheen, Regional Director (NR), New Delhi</td>
<td>Member</td>
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MINUTES OF THE 2nd MEETING OF SUB GROUP ON ARTISAN WELFARE FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 11.07.2011 AT 03.00 P.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

A list of participants is at Annexure-I

Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman, extended welcome to all the members present in the meeting and informed that before we start open discussions and seek valuable suggestions from the Members, the Chairman requested Shri Milan Maheshwari, representative from ICICI Lombard General Insurance Company to give presentation and new suggestions to be included in the scheme for 12th Plan.

2. Shri Milan Maheshwari gave brief presentation on Welfare Scheme for handicraft artisans. He further said that initially the scheme was implemented on Pilot basis in 2006-07 and 51,000 artisan families were covered. During the five year period the scheme was fully implemented and about 33,00,000 artisan families were covered under Rajiv Gandhi Shilpi Swasthya Bima Yojana. The existing scheme covers family of four members i.e. husband, wife, dependent parents and children up to the age of 80 years. The coverage period is for one year from the date of the receipt of the Health Card. The existing scheme covers all the diseases up to a limit of Rs.15,000/- with OPD facilities up to the limit of Rs.7,500/-. In addition to this, the scheme provides insurance coverage of Rs.1.00 lakh in case of accidental death and permanent disability.

3. He further suggested certain modifications to be included in 12th Plan e.g. sum insured to be increased from the existing Rs.15,000/- to Rs.50,000/ and cover for critical illnesses may also be included. The limit of Rs.7,500/- should be increased to Rs.15,000/- for non-critical illnesses and there should be no limit for critical illnesses, however, subject to the overall cap of Rs.50,000/-. The OPD limit may be increased to Rs.10,000/- instead of Rs.7,500/- at present. He also 2 MINUTES OF THE SECOND MEETING OF THE SUB GROUP ON ARTISAN WELFARE HELD ON 11.07.2011 AT 3.00 P.M. suggested that in the next plan period, the scheme should incorporate a provision for introducing Smart Card technology to replace the existing plastic cards, as this will certainly improve delivery of health services and minimize beneficiary”s grievances towards inefficient claim settlement. Besides, the Smart Card technology will also minimize fraudulent practices by any of the stakeholders. Shri Milan further suggested that
Government Hospitals may also be included in the network for cashless facilities and the beneficiary’s contribution should be capped at Rs.30/- only. He also suggested that the scheme should be on 100 percent cashless basis, thus no provision for the claims by the beneficiary artisans/their family members through reimbursement. He also suggested that renewal of artisan’s policy may be made optional as against mandatory 80% as at present since only those artisans opt for renewal who availed the benefits in previous policies and feel that these are good. He however remarked that in the 12th Plan the scheme can prescribe preference to renewal of policy. Sh. Milan further suggested that an insurance company may be engaged for a period of 3 years as this will result in competitive price of annual premium due to economies of scale. Besides, a continued presence of one insurance company for a longer tenure will ensure consistency and continuity of service to artisans, apart from saving the cost and time that is needed for yearly tendering process as at present.

4. Smt. Shaheen, RD (NR) said that the empanelled hospitals are not nearer to the enrolled artisans and are charging very high. She suggested that empanelled list of hospitals needs to be revised and if Government Hospitals are also empanelled this could help the artisans to get medical facilities at their doorsteps.

5. The Chairman observed and said that selection for empanelled hospitals can be decided in a separate meeting. Since this meeting is for 12th Plan, the suggestion should come accordingly. The Chairman further asked the members from ICICI that at present we got Rs.700/- as Annual Premium, what is likely the premium in case the proposed increase in insurance cover up to Rs.50,000 is accepted by Government of India. 3 MINUTES OF THE SECOND MEETING OF THE SUB GROUP ON ARTISAN WELFARE HELD ON 11.07.2011 AT 3.00 P.M.

6. Shri Milan informed that the amount of Premium may go up be three times i.e. about Rs.2000/- per annum. He also remarked that this is just an indicative premium amount taking into account increased cover as well as inclusion of critical illnesses.

7. The Chairman observed that since the proposed beneficiary’s contribution of Rs.30/- itself is low, what special concession can be given to NER, SC/ST artisans? Simultaneously, if the premium amount increases, the number of beneficiaries willing to opt for the scheme may come down.

8. At this stage Shri P.K. Khullar, RD (CR) suggested that if the premium is capped at Rs.30/- then the difference between RSBY Scheme of Ministry of Labour and Rajiv Gandhi Scheme will be totally blurred. There is no comparison between Rajiv Gandhi Scheme and RSBY Scheme because RSBY is targeted for BPL workers only and they cover IPD.
treatment up to Rs.30,000 only. If Rs.30/- is capped then nobody will opt for RSBY. He further suggested that since our artisans are living anywhere in the country and are participating in various programmes being organized at different places across the country, their Health Cards should be valid in any part of the country irrespective of whether the scheme is implemented by one insurance company on Pan India Basis or by more than one insurance company in pre-decided geographical jurisdictions.

9. At this stage Shri Milan Maheshwari informed that with the proposed Smart Card Technology, the artisans enrolled at any one location will be able to receive medical facilities from the empanelled hospitals in any part of the country.

10. The Chairman observed that why artisans should not be covered under RSBY and how can it be reconciled.

11. Shri Goyal, from Planning Commission observed that the Ministry of Labour is also working on it to provide IPD and OPD facilities to BPL workers. Therefore, the proposal may be kept as it is and the beneficiary artisan’s share should not be reduced considerably and their contribution should be more.

12. Shri Rakesh Kumar, ED, EPCH informed that the issue of the Corporate Social Responsibility was also discussed earlier. At present a lot of Corporate Houses earmark certain amount towards Corporate Social Responsibility. The Corporates can consider assigning a portion of such an amount towards meeting artisan’s share of the annual premium so that the beneficiary’s burden is reduced. For example an exporter in Moradabad whose export is to the tune of Rs,150 crore and who has a large number of artisans attached with them, such exporters and similar institutions can be persuaded to come forward and contribute to artisan’s share say to the extent of 90% so that the burden is reduced under CSR because recently Ministry of Corporate Affairs asked all the Companies to keep 2% of their total revenue towards fulfilling their Corporate Social Responsibility (CSR).

13. On this the Chairman said that this can be possible if the workers are attached with some big companies or factories. However, if the premium becomes too high the number of beneficiaries will fall down drastically. Therefore, we have to see up to what extent we can go. But I do agree that limit need to be increased from the existing Rs.15,000/-.

14. Smt. Anita Reddy from Bangalore said that if the annual premium goes towards higher side then many of the artisans may not go for insurance.

15. Regarding opening of bank accounts by artisans the Chairman said that the opening of
bank accounts should be made compulsory to avoid any fraudulent practices in the process and the Government Hospitals network for cashless should also be included as has been done in RSBY Scheme.

16. **Shri Raghupal Singh, representative from LIC** of India gave a brief presentation on Janashree Bima Yojana for handicraft artisans indicating the coverage so far and the claim experience. He also informed that encouraged by a favourable claim experience so far, the LIC will extend the waiver of artisan’s share of the annual premium (which is Rs.40/-) for this scheme in 12th Plan as well.

17. At this stage the Chairman observed that even if the artisan’s share is waived, the more important aspect of the scheme should be that LIC must inform the enrolled artisans and also issue individual policy. Even at present the artisans are not contributing towards his/her premium, but he or she does not get to know about their coverage since LIC is issuing a single Master Policy. The Chairman **5 MINUTES OF THE SECOND MEETING OF THE SUB GROUP ON ARTISAN WELFARE HELD ON 11.07.2011 AT 3.00 P.M.** further observed that in the ensuing 12th Plan, the LIC should consider issuing individual policies to the enrolled artisans irrespective of the artisan contributing or not contributing towards his share of the annual premium.

18. **Shri Raghupal Singh**, representative from LIC of India suggested that the physical coverage under JBY may be increased during the 12th Plan since the target of 5 lakh artisans in the 11th Plan period was inconsistent with the country-wide artisanal population of 76 lakh. He also suggested that the UID project may also be leveraged.

19. **The Chairman** suggested that we could consider coverage 25 lakh artisans under JBY at the rate of 5 lakh artisans every year in the 12th Plan.

20. LIC further made another presentation on a proposed insurance-cum-pension package that can be considered for the handicrafts sector.

21. He first explained the features of ABHAY HASTAM SCHEME being implemented in the State of Andhra Pradesh in which the provisions are as under:

 MEMBER’s contribution Rs.365

 GOVT OF ANDHARA’s contribution Rs.365

 SC FUND (LIC) contribution Rs. 75

 TOTAL Rs.775

 - **BENEFITS : SAME AS BIMA YOJNA FOR HANDICRAFT ARTISANS**
PLUS

Out of 365+365=730, an amount of Rs 75( + 75 from SC Fund ) goes towards “Janshri Bima Yojana” benefits:

Balance ( 730 – 75 = Rs.655 ) is taken to superannuation fund which is managed by LIC as a defined contribution pension fund

22. He further explained about the SWAVALAMBAN SCHEME, a Scheme floated by Govt. of India under National Pension Scheme LITE 6 MINUTES OF THE SECOND MEETING OF THE SUB GROUP ON ARTISAN WELFARE HELD ON 11.07.2011 AT 3.00 P.M.

( NPS LITE ) platform. NPS LITE is being administered by PFRDA with independent Fund Managers and central record keeping agency NSDL. He explained the brief features of the scheme as under:

- A government contribution of Rs 1000 is made to the account provided member”s own contribution is between 1000 and 12000 in a year
- Government contribution is available for six years from fin year 2010-2011 upto 2015-2016 . ( Now for five remaining years )

Benefits

- AT AGE 60 :
  - 60% OF THE CORPUS CONVERTS INTO PENSION
  - 40% CAN BE TAKEN AS LUMPSUM
  - MINIMUM PENSION TO BE 1000 P.M.
  - ON EARLIER DEATH
  - EITHER THE NOMINEE CAN TAKE THE ENTIRE CORPUS AS CASH OR OPT FOR A MONTHLY PENSION

PREMATURE EXITS

- ALLOWED SUBJECT TO 80% OF CORPUS TO BE USED FOR PENSION SUBJECT TO MINIMUM PENSION OF RS 1000 PER MONTH
- IN CASE 80% CORPUS NOT SUFFICIENT, ENTIRE CORPUS TO BE USED FOR PENSION

23. The members in the meeting opined that as a special welfare measure for the artisans,
there is a need for insurance-cum-pension scheme as at present there is no pension scheme for the artisans. the only pension scheme which is available with the Office of DC (Handicrafts) is a Non-Plan Scheme titled Pension to Master Craftpersons in indigent circumstances. It was noted that this scheme has limited reach since only National Awardee artisans are eligible and that too after the age of 60 years. Further, the present pension amount of Rs.1,000 per month is insufficient in the present cost of living.

MINUTES OF THE SECOND MEETING OF THE SUB GROUP ON ARTISAN WELFARE HELD ON 11.07.2011 AT 3.00 P.M.

24. At this stage, the Chairman noted that this issue also came up in the first meeting of the Sub Group on 21.06.2011 and it was a general opinion that some sort of pension scheme should be brought in to cover all types of artisans including National Awardees etc. Accordingly, the Chairman remarked that the SUB group may work on determining a suitable insurance-cum-pension package for the handicraft artisans.

25. Smt. Gulshan Nanda noted that as a part of welfare measure, the Government should consider providing workshed to artisans to improve their working conditions since at present they are working mainly from their homes in unhygienic conditions without proper facilities for sanitation, lighting and appropriate place for their tools, equipments, raw and processed material as well as finished products etc. She also suggested that the Government should take up a Pilot project on the lines of one being implemented in Jothwara in Jaipur.

26. Appreciating the suggestion, the Chairman informed the meeting that Workshed is a component under the Ambedkar Hastshilp Vikas Yojana and the suggestion of the Hon”ble Member shall be taken care of in the deliberations of the concerned Sub Group.

27. The Chairman thanked all the members present in the meeting for their valuable suggestions. The Chairman further informed that there will be a meeting with all RDs on 15.07.2011 to elicit their views on modifications in the existing schemes and components thereunder so that these could be included in the draft report of the Sub Group. He further informed that by 25th July, 2011, taking into account the valuable suggestions of the members in the two meetings held so far, the draft report of the Sub Group will be finalized and circulated to all members by Email, on which members may please incorporate any other/more views. Thereafter, a final meeting of the Sub Group shall be convened on 28th & 29th July, 2011 to consolidate all suggestions in the form of recommendations, to be adopted by the Sub Group and thereafter to be incorporated in the final report of the Sub Groups.
MINUTES OF THE 3rd. AND FINAL MEETING OF SUB GROUP ON ARTISAN WELFARE FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 29.07.2011 AT 11.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI TO CONSIDER THE DRAFT REPORT OF THE SUB GROUP

The list of the participants is attached at Annexure-I.

The Chairman welcomed all and informed that valuable suggestion made by the members in the previous two meetings have been compiled in the form of a draft report. He requested Sh. Srivastava, ED NCDPD to make a presentation on the salient features of the Draft Report. Subsequently, a detailed presentation was made by Shri Srivastava covering the following aspects: -

**Recommendations for RGSSBY**

Certain modifications were suggested in the scheme as follows:

- Sum insured to be increased from the existing Rs.15,000/- to Rs.30,000/ and cover for critical illnesses may also be included.
- The limit of Rs.7,500/- should be increased to Rs.15,000/- for non-critical illnesses and there should be no limit for critical illnesses, however, subject to the overall cap of Rs.50,000/.-
- The OPD limit may be increased to Rs.10,000/- instead of Rs.7,500/- at present
- Replacement of existing plastic cards by Smart card technology
- The health card either 'Plastic' or 'Smart', should have all India validity i.e. across zones and across insurance service providers irrespective of resident address of the beneficiary printed on the card. This is essential because artisans visit multiple locations while participating in marketing events. Also artisans are likely to change their residence on account of marriage or other reasons.
- The health card must be compatible with any future regulatory compliance that may be mandated by IRDA with regard to portability between service providers and such other compliances as would become necessary as per IRDA orders from time to time during 12th Plan.
- Empanelled list of hospitals needs to be revised and if Government Hospitals are also empanelled this could help the artisans to get medical facilities at their doorsteps. Beneficiary contribution should be capped at Rs.30/- only
• The scheme should be on 100 percent cashless basis, thus no provision for the claims by the beneficiary artisans/their family members through reimbursement.

• Renewal of artisan’s policy may be made optional as against mandatory 80% as at present since only those artisans opt for renewal who availed the benefits in previous policies and feel that these are good.

• An insurance company may be engaged for a period of 3 years as this will result in competitive price of annual premium due to economies of scale. Besides, a continued presence of one insurance company for a longer tenure will ensure consistency and continuity of service to artisans, apart from saving the cost and time that is needed for yearly tendering process as at present.

• Indicative increase in premium amount in case the proposed increase in insurance cover up to Rs.50,000 along with smart cards will be three times the current amount. It will increase from INR 750/- to INR 2000/-

**Recommendations for Janashree Bima Yojana.**

• The coverage as available under Mahatma Gandhi Bunkar Bima Yojana may be adopted for handicrafts artisans.

**Recommendations for considering pension scheme for artisans**

• As a special welfare measure for the artisans, there is a need for insurance-cum-pension scheme as at present there is no pension scheme for the artisans. The existing non-plan scheme of ‘Financial assistance to artisans in indigent circumstances’ may be replaced with a plan scheme to cover all eligible artisans under ‘Pension’ cover, since the existing non-plan scheme is restricted only to awardees artisans and that too with entry age restriction of 60 years for an insignificant pension of just INR 1000/- per month. For this the ABHAY scheme of AP may be adapted and LIC may develop a suitable insurance-cum-pension product having an inbuilt flexibility of artisans choosing the existing ABHAY or stand alone component or full new package of insurance-cum-pension product, by contributing towards the permissible annual premium/artisan share.

• Any person of the age 60 years or above and having an annual income of less than INR 30,000/-, should be made eligible to get a pension of INR 3000/- per month. The scheme should be accessible to all artisans and not only National Awardees, National Merit Certificate holders (NMCs) and State awardees.

**Other recommendations**
• Distress fund to be included as new component to the existing scheme.
• Credit Guarantee Scheme for handicraft artisans should be a part of welfare scheme, as such this component may be shifted from AHVY Scheme.
• The issuance of artisan identity card shall be part of the ‘Welfare Scheme’ in 12th plan period. Also, the time taken to issue the card should also be reduced.

The Chairman requested members to give their valuable views on the draft report and recommendations briefed in the presentation.

Smt. Kasturi Gupta Menon informed the meeting that there had been instances of fake health cards in West Bengal and that too are possessed by persons who are not artisans. This way the scheme was being misutilised. She therefore suggested that a foolproof system of identification and enrollments may be ensured.

Sh. Nazeem Khan of ICICI Lombard explained that although due care was taken at the enrollment stage, still all needed actions will be taken to check any misrepresentation at the enrollment stage.

At this stage the Chairman requested Smt. Menon to share with us the specifics of the alleged misuse of health cards and he assured that thorough investigation will be launched and strict action against the identified defaulter/s will be ensured. He further informed that as step towards minimizing such misrepresentations, a condition of mandatory bank/ post office account of the beneficiary has been introduced for enrollments this year. Besides, the insurance companies also insist on copy of ID card issued by our field officers, from the artisans who seeks enrollment now.

Sh. Sudarshan Sahoo explained that poor artisans, who are not awardees, also need to be covered under the pension scheme as in old age their income from the crafts activity goes down due to falling health. He also suggested that instead of monthly pension, yearly payment should be made so that the old artisan could earn some interest also.

Smt. Kasturi Gupta Menon intervened that yearly pension payments may not be advisable as most old artisans in the rural areas may be venerable to exploitation by their own younger family members due to abject poverty and socio-economic conditions of the family. Therefore, a regular monthly pension would help continued and unhindered sustenance of the old artisans.
At this stage Sh. Omkar Dhawan stated that even a peon in government gets a lump sum amount and monthly pension on retirement. Therefore, something of this sort may be thought of for the poor artisans whose plight is worse than that of a government peon.

At this stage the Chairman intervened and clarified that it may not be right comparison since a government peon does not work after retirement, whereas an artisan works throughout his life irrespective of his/her age.

Smt. Gulshan Nanda drew the attention of the Chairman about the ToR related to working environment, assistance for distress management etc., particularly in the event of natural calamities etc.

The Chairman requested Sh. Srivastava to include a separate chapter on distress management proposals in the final report of the Sub Group.

The meeting ended with a vote of thanks to the Chair.
11.4.4  Subgroup IV: Research, Education, Training, Design and Compliance Issues

11.4.4.1  Orders for creation of subgroup on Research, Education, Training, Design and Compliance Issues

ORDER 1

Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066

Dated: 18th June, 2011

ORDER

Sub: Constitution of Sub - Group on Research, Education, Training, Design And Compliance Issues for the 12th Five Year Plan

It has been decided to constitute a Sub-Group on Research, Education, Training, Design And Compliance Issues for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan.

1. The Composition of Sub-Group on Research, Education, Training, Design And Compliance Issues is as under:-

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<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
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<tr>
<td>1</td>
<td>Development Commissioner for Handicrafts</td>
<td>Chairman</td>
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<td>2</td>
<td>Smt. Alka Arora, Addl. Development Commissioner[Handicrafts],</td>
<td>Co-Chairperson&amp;</td>
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<td>1</td>
<td>O/o DC[Handicrafts], New Delhi</td>
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<td>Convener</td>
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<td>3</td>
<td>Shri Rohit Bhardwaj, Director[Handicrafts], O/o DC[Handicrafts], New Delhi</td>
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<td>Co-Chairman</td>
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<td>Shri P.K. Khullar, RD[CR], O/o DC[Handicrafts], Lucknow</td>
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<td>11</td>
<td>Ms. Urmila Goswami, Under Secretary, Ministry of Labour &amp; Employment, Jaisalmer House, Man Singh Road, New Delhi</td>
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<td>12</td>
<td>Member</td>
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<td>13</td>
<td>Chairman &amp;MD, Tamil Nadu Handicrafts Development Corporation, Chennai</td>
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<td>15</td>
<td>Director, M/s Indian Institute of Carpet Technology, Bhadohi</td>
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<td>16</td>
<td>Member</td>
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<td>17</td>
<td>Director, M/s Craft Development Institute, Srinagar</td>
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<td>21</td>
<td>Representative from M/s Footwear Design &amp; Development Institute, Noida</td>
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<td>ED, M/s Export Promotion Council for Handicrafts, N Delhi</td>
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<td>31</td>
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<td>33</td>
<td>Commissioner &amp; Secretary (Industries), Mizoram</td>
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<td>Shri Ashok Chatterjee, Crafts Council of India</td>
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<td>39</td>
<td>Ms. Sonam Toshi, Designer</td>
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<td>41</td>
<td>Shri Iqbal Ahmed, Shilp Guru, Agra</td>
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<td>43</td>
<td>Shri Onkar Dhawan, National Awardee, New Delhi</td>
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<td>45</td>
<td>Ms. Rati Vinay Jha, Chairperson, AICCA Board of Directors</td>
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<td>46</td>
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<td>47</td>
<td>Ms. Laila Taiyabji, Dastkar, New Delhi</td>
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<td>49</td>
<td>Ms. Ruchira Ghosh, Chairperson, Craft Museum</td>
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<td>51</td>
<td>Mr. R.C.M. Reddy, IL&amp;FS</td>
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<td>Representative from GI office Chennai</td>
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<td>57</td>
<td>Ms. Charu Wali Khanna, SAFMA, New Delhi</td>
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2. Terms of reference are as under:-

i. Review and suggest measures to improve technology up-gradation that benefits crafts artisans.

ii. To devise Design & Skill Development strategy in Handicraft Sector for XIth Plan

iii. To assess the design related requirement of the sector in terms of designers/technologists, etc.

iv. To assess the status of manpower and human resource required in Handicraft Sector.

v. To review the existing schemes working in this field in Handicraft Sector and assess its effectiveness.

vi. To incorporate any changes/modifications required in these schemes in terms of new components or removal of the components, etc.

vii. To assess similar schemes being implemented by other Departments/Ministries and assess requirements for adopting features of any such scheme.

viii. To review the present system of Skill Development and recommend measures for training so that productive employment is achieved.

ix. To assess the possibility of creating a mechanism for creation of a Indian specific designs brand in the sector.

x. To examine ways and means to achieve vertical integration in the sector including product development, product diversification and market linkages.

xi. To examine possibility of creating dedicated cadre of certified trainers and designers in the sector.

xii. To recommend method for creation of mechanism for linkages between Design Development & Skill Up-gradation.

xiii. To assess the availability of the institutions working in these field of design & training in this sector and suggest methods to utilize optimally.

xiv. To assess the infrastructural need of the sector in these two areas and suggest the steps need to be taken.
xv. To assess the possibility of creating institutional set up for design & skill need of the sector.

xvi. To suggest need for special dispensation in the scheme for North Eastern States.

xvii. To assess the 12th Plan outlay for the above measures.

xviii. To assess the present recognition measures and any improvement / modification required in those measures.

xix. To assess the need to create a protection mechanism for craft heritage with special reference to G.I. & languishing crafts and measures for their development in contemporary context

xx. To assess the need for creation of an independent body for implementation of issues quality control, IPR, etc.

xxi. To assess the requirement of implementation of social & environmental compliances and suggest measures for their implementation in the sector.

xxii. To review existing institutes and suggest measures to enhance crafts education in various educational institutions.

xxiii. To undertake a technology mapping in the major artisanal clusters and to suggest measures to recognize and promote innovations in design, technology, tools and other craft related spheres.

xxiv. To suggest measures to create reliable documentation of craft heritage, design vocabularies and other related aspects.

xxv. To recommend measures towards main streaming crafts education

xxvi. Any other such issues found to be relevant.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011

[V.P. Thakur]
Working group report on Handicrafts for the 12th Five Year Plan

Sr. Assistant Director (P&R)
ORDER 2

Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066

Dated: 5th July, 2011

ORDER

Sub: Constitution of Sub - Group on Research, Education, Training, Design And Compliance Issues for the 12th Five Year Plan

In continuation to the order even no. dated 18/06/2011 on constituting a Sub-Group on Research, Education, Training, Design And Compliance Issues for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan. The following member(s) shall also co-opt for the said Sub-Group:-

1. Representative from Cane & Bamboo Technology Centre - Member
2. Terms of reference are as under:-
   i. Review and suggest measures to improve technology up-gradation that benefits crafts artisans.
   ii. To devise Design & Skill Development strategy in Handicraft Sector for XIth Plan
   iii. To assess the design related requirement of the sector in terms of designers/technologists, etc.
   iv. To assess the status of manpower and human resource required in Handicraft Sector.
   v. To review the existing schemes working in this field in Handicraft Sector and assess its effectiveness.
vi. To incorporate any changes/modifications required in these schemes in terms of new components or removal of the components, etc.

vii. To assess similar schemes being implemented by other Departments/Ministries and assess requirements for adopting features of any such scheme.

viii. To review the present system of Skill Development and recommend measures for training so that productive employment is achieved.

ix. To assess the possibility of creating a mechanism for creation of a Indian specific designs brand in the sector.

x. To examine ways and means to achieve vertical integration in the sector including product development, product diversification and market linkages.

xi. To examine possibility of creating dedicated cadre of certified trainers and designers in the sector.

xii. To recommend method for creation of mechanism for linkages between Design Development & Skill Up-gradation.

xiii. To assess the availability of the institutions working in these field of design & training in this sector and suggest methods to utilize optimally.

xiv. To assess the infrastructural need of the sector in these two areas and suggest the steps need to be taken.

xv. To assess the possibility of creating institutional set up for design & skill need of the sector.

xvi. To suggest need for special dispensation in the scheme for North Eastern States.

xvii. To assess the 12th Plan outlay for the above measures.

xviii. To assess the present recognition measures and any improvement / modification required in those measures.

xix. To assess the need to create a protection mechanism for craft heritage with special reference to G.I. & languishing crafts and measures for their development in contemporary context

xx. To assess the need for creation of a independent body for implementation of issues quality control, IPR, etc.

xxi. To assess the requirement of implementation of social & environmental compliances and suggest measures for their implementation in the sector.

xxii. To review existing institutes and suggest measures to enhance crafts education in
various educational institutions.

xxiii. To undertake a technology mapping in the major artisanal clusters and to suggest measures to recognize and promote innovations in design, technology, tools and other craft related spheres.

xxiv. To suggest measures to create reliable documentation of craft heritage, design vocabularies and other related aspects.

xxv. To recommend measures towards main streaming crafts education

xxvi. Any other such issues found to be relevant.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi

6. The Group will submits its report by 31st July, 2011

This issues with the approval of DC(H).

[V.P.Thakur]
Sr. Assistant Director (P&R)
11.4.4.2 Minutes of meetings

MINUTES OF THE FIRST MEETING OF SUB GROUP ON RESEARCH EDUCATION, TRAINING, DESIGN AND COMPLIANCE ISSUES OF THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 27.06.2011 AT 11.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

A list of participants is at Annexure-I All the members introduced themselves. Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman, while welcoming the members informed that a number of topics are included in this sub-group such as research activities, languishing crafts, GI issues, education, training, design, which are very important as well as the compliance issues. The Chairman further said that before we start discussion on these issues, he requested ADC (H) to give the presentation.

1. Smt. Alka Arora, ADC (H) made a brief presentation on the Research & Development, HRD, Design and Compliance Issues. The presentation included various components of design scheme, such as design development workshops, integrated design projects and Guru- Shishya parampara etc. She further said that she would request Shri R.K. Srivastava, ED, NCDPD, New Delhi to give small presentation on the various components like design skills/development and the training component etc. and Shri Rakesh Kumar, ED, EPCH to give presentation on compliance issues. She also explained in detail about the components of the scheme, financial parameters and physical achievements for the past four years as well as on the achievements of Census, GI Registration of crafts etc.

2. Ms. Ritu Sethi intervened and desired to know as to whether the members can seek clarifications on the presentation just concluded by ADC (H) since this Sub Group included a large number of topics. On this the Chairman observed that in the interest of continuity of flow of information about various schemes and various components thereunder, it would be better if specific issues are raised by the Members after completion of presentations. Regarding compliance issues Smt. Alka Arora, ADC (H) said that Shri Rakesh Kumar, ED, EPCH who is working on it and shall give a small presentation.

3. Shri R.K. Srivastava, ED, NCDPD gave a brief presentation on new Design
Development, Product Innovations and its dissemination in the cluster. He further said that in 2007 Government of India, irrespective of the handicrafts sector, had announced a National Design Policy to give impetus to the design sector. The objective of this design policy has been to make the Indian handicraft industry design-enabled and to enhance the competitiveness the manufacturing service industry and with the further objective of integrated design with the traditional and technological resources. He noted that one of the major factors in the handicrafts sector is that the designers do not want to work in handicrafts sector as a career option but they prefer to work in the handicrafts sector on part time basis since the sector has not made its presence felt in the international market because there is no direct linkage between the handicraft producers and designers etc. as is the case with the Apparel and Fashion Sectors where big brands are identified by Designers and vice-versa.

4. **Shri Srivastava** further noted that the Overseas importers do not categorize Indian handicrafts sector as a design oriented sector as compared to the China, Philippines, Thailand, Indonesia and Vietnam. That is one of the reason we do not have any structured design manpower in the handicraft sector. There is a need for the new design movement in the handicrafts sector which needs to be addressed through the 12th Five Year Plan. There is a need to create new designs, new product development innovation as well as the design manpower which are the key areas to strengthen in the Indian handicrafts sector. The handicrafts sector needs to be upgraded as per the changing scenario of the global markets. To cater to the needs of changing taste and design and concepts of the buyers, the Research and Dissemination, which is completely missing in the present day format, needs to be addressed. Graphic designs and technology upgradation, design markets and technical trends need to be introduced. One of the most important issue in present day scenario is the Design Mentorship, Apprenticeship and the issue of career opportunities also needs to be addressed. The financial ceiling under the component Supply of the modern tools and equipments need to be enhanced to make it relevant to not only the current price levels but to the price level that will prevail in the terminal year of the 12th Plan. Also the period of implementation of Design Workshops needs to be enhanced from its present 15 days duration. This is being suggested to impart a greater degree of skill penetration to the artisans over a longer tenure of the Design Workshop.

5. **Smt. Ritu Sethi** intervened and observed that whether the mentorship mean the same as Guru-Shishya Parampara

6. **Shri Srivastava** further proposed that certain modifications need to be incorporated in forthcoming 12th Five Year Plan like Design Visuals, Design Training in Clusters as well
as Craft University/Institutions to be set up exclusively for handicrafts sector leading to courses like certificate, diploma, degree in the craft sector as at present these formal professional disciplines are not being offered by any institution/University in the country though there are abundant institutions in all parts of the country offering streams like MBA and other and multiple other disciplines, both academic and professional in the education sector in our country. On HRD Scheme, he suggested some modified modules be incorporated in the HRD so as to compete with international market. The present day need is to establish central education system where young artisans/entrepreneurs are taught every kind of techniques and other related processes

7. **Shri Rakesh Kumar, ED, EPCH** gave a brief presentation on compliance issues. He further quoted an example of ‘Peter Druker’ – "The only way to create future is to predict it". He further said the 40% of the total handicraft production is exported, which is about Rs.10,000 crore. About compliance conscious-markets, 70% exports is to compliance-conscious markets. India is being used as a dumping ground by the competitor countries. The reason is that the handicraft sector and the domestic markets are not fully tapped. In the present scenario in the last few years importers are importing from the competent countries, particularly China, Korea, Vietnam, Cambodia and other countries called as Euro Standard Markets. The exports made to India, Pakistan, Nepal etc., which are not compliance-conscious markets. In India there are no standards and that is why these countries could export ‘B’ grade products to India. This issue needs to be addressed to. **Smt. Charu Wali Khanna** intervened and said that our concern is about handicraft products of India and not electronic goods etc. and we need to concentrate on handicrafts sector. On this Shri Rakesh Kumar said that the concern is only about handicrafts products because the Indian markets are to be produced as per need of compliance-conscious markets.

8. The Chairman observed that India should also be compliance conscious.

9. **Smt. Rathi Vinay Jha** suggested that the handicrafts sector should also look at fair trade practices as well as the ethical issues as these are some important aspects which receive serious consideration of some discerning importers of handicrafts. Shri Rakesh Kumar, ED, EPCH responded that his presentation on compliance issues and the suggestions contained therein will encompass the observations made. **Smt. Laila Tayab Ji** desired to know what definition of handicrafts is being followed. The Chairman responded that a special task has been assigned to EPCH to finalize a suitable definition for the handicrafts which is acceptable across all Government Departments including Banks and International bodies etc.

10. **Smt. Gulshan Nanda** desired to know what happened to the previous definition.
Shri Rakesh Kumar clarified that the tentative definition has been finalized and for wider consultation the same will be advertised and also put in the public domain i.e. on the Websites of Office of EPCH to elicit public response/suggestions.

11. **Shri Rakesh Kumar, ED, EPCH** informed that in devising a definition for handicrafts due reliance and guidance has to be drawn the ruling of the Supreme Court in Louis Shoppe Judgment decided on 12.3.1995. this definition was shared among the members, which is proposed as under: “**Item or product through skills that are manual, with or without mechanical or electrical or other processes, which appeals 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 or 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**”. The members after deliberation expressed their satisfaction to the proposed definition. However, the Chairman desired that comments, if any, may be sent to the DC (H) for further consideration.

12. **Smt. Laila Tayabji** noted that it is difficult to understand the schemes being explained through the presentations unless we get some evaluation study reports.

13. The Chairman issued spot instructions to the concerned officers to send the evaluation study reports to all members by Email.

14. **Smt. Ritu Sethi** suggested that some people from the clusters should give presentation and relate success stories to enable the members comprehend better about the implementation of the cluster scheme. The Chairman informed that Ms Runa Benerjee of SEWA, Lucknow who is also an implementing agency for the Ambedkar Hastshilp Vikas Yojana, will shortly share her experience. She further emphasized the need for forward thinking in the next few years on issues like renewable resources, environment, social health, toilet, crèche etc. and there should be a mandatory compliance so as to ensure that the artisans are provided a safe, healthy, congenial and hygienic work environment leading to quality and productivity of their produce and better quality of life.

15. At this stage **Ms. Charu Wali Khanna** drew the attention of the house towards the blue pottery craft where the artisans use lead as one of the input material. She observed this in the context of the compliance related to use of lead in the handicrafts. Shri Rakesh Kumar clarified that international compliance requirements do not mandate a complete ban on lead input in the handicraft production but this is allowed if the lead inputs are within the prescribed permissible limits for non-food items. There are also
other than lead issues as far as compliance is concerned. For the benefit of the members present, EPCH also circulated a small handbook on Safety and Health – Safeguards at workplace and social accountability & Environmental Awareness.

16. Ms. Gulshan Nanda desired to know how much compliance the Govt. will help or it would be corporate social responsibilities. The Chairman observed that the craftpersons work at home and the production activities are unorganized. There are issues related to child labour also. This need to be documented and the artisans need to be made aware about the requirement of compliance issues and thereafter a strategy need to be worked and implemented.

17. At this stage, Shri Omkar Dhawan, a Shilp Guru Awardee noted that the right age for a child to learn the craft is 12 years and by the time he reaches the age of 18, he can acquire sufficient skills to be able to produce quality products and even innovate on them using his own creativity. He further observed that as long as the child is working under the care of his mother or father, it should be deemed as child labour.

18. The Chairman informed in the meeting that the issue of child labour is to be seen in the context that while earning skills or while working with his family or compatriots, he/she should not be deprived of his/her formal education and also their needs towards play and entertainment etc. In this regard, he also informed in the meeting how CEPC had been registering carpet looms to ensure know child works there as labour in the carpet unit. The CEPC is even running schools in the carpet belts for the children weaned away from the carpet making units and they further monitor the carpet units and even take penal action leading to deregistration in the event a child is found to be employed as labour in the carpet making units.

19. Smt. Laila Tayabji desired to know if any cost analysis has been done towards implementation of requirements of compliance issues. The Chairman informed that at present, it is being done on a unit level certification basis in respect of some organized production facilities.

20. Shri Omkar Dhawan suggested that the duration of the training programme under Gurushishya component of the HRD scheme, need to be raised from the present 3 months to 6 months so that the trainees get adequate time to master the skills under the tutelage of the Shilpguru and/or the National Awardee artisan. The Chairman informed that this suggestion would be included in the recommendations of the Sub-Group.

21. On the compliance issue, the Chairman observed that we need to have a separate chapter on Common Compliance Code including a legal framework etc. so that this is further taken up at the working group level. Such a compliance code can be both
mandatory and optional depending upon whether the products are targeted at foreign markets or the domestic market. There could be Category I and Category II codes for which preparation is necessary. We need to make a charter and decide what kind of schemes we should evolve so that all concerns related to compliance related issues are adequately addressed.

22. The Chairman further noted that on compliance issues and the required institutional framework, Shri Rakesh Kumar, EPCH will work and suggest a suitable strategy through a power point presentation in the next meeting of the Sub-Group.

23. Ms Ruchitra Ghose, NHHM desired to know what will be the cost of institutional procedures and who will bear it. These compliances will increase the cost of the products also. She suggested one model could be to conduct craft wise research study.

24. Ms Laila Tayabji suggested that Regional Design Centre should be made testing centres. The Chairman noted that help and participation from the private sector can also be explored.

25. Smt. Rathi Vinay Jha highlighted the issue of fair trade and minimum wages and also the issue of artisans going under the fold of NREGA. She also noted that every craftperson should get fair wages.

26. Shri Rakesh Kumar responded that Common Compliance Code scheme and facilities exists. But documentation has to be done in specific craft clusters to understand the conditions of wages, technologies that exists and then to draw suitable strategy.

27. Ms Runa Banerjee of SEWA, Lucknow observed that empanelled designers of the Office of DC(H) lack the required penetration about knowledge of crafts and its practical application, though they may have good theoretical knowledge about art and craft. The element of creativity needs to be further nurtured in them so that they become more useful and relevant to the sector. At this stage, Shri R.K. Srivastava, NCDPD suggested that the NCDPD take the onus of incubating these designers for a period of 3 to 6 months so as to sensitize and prepare them to take on the practical aspects of the designing for the Handicrafts Sector. This way we can create a pool of designers empanelled for specific crafts. The awardee Mastercraftpersons such as Shilpgurus and National Awardees can also be associated in this incubation process.

28. Ms Laila Tayabji noted that application procedures and sanction system is to cumbersome which needs to be simplified so that the fund flow and implementation of the schemes becomes efficient. The Chairman noted that we can have a separate chapter in these sub-group’s report specially delegated to improving the delivery mechanism right from the stage of calling proposals to completion of the sanction
activities/project including evaluation at mid and post implementation stages.

29. The Chairman further noted that members may look into the need for revisiting the eligibility criteria, financial aspects including fund released pattern etc. The suggestions of the members shall be placed before the house in the next meeting where members may also share their knowledge about best practices in all relevant areas of the sector as followed in the other countries.

30. Although due care has been taken to include the views and suggestions made by each and every Member, still if there is any inadvertent oversight, the Hon’ble Members are requested to bring it to our notice so that it could be included in the future deliberations.

31. Members may send their views and suggestions to the following dedicated Email ID: mailtodch.design@gmail.com Next meeting will be held on 12.07.2011 at 11.00 a.m.
The meeting ended with the vote of thanks to the Chair.
MINUTES OF THE 3RD MEETING FOR PROPOSED RECOMMENDATIONS OF SUB GROUP ON RESEARCH EDUCATION, TRAINING, DESIGN & COMPLIANCE ISSUES FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 28.07.2011 AT 03.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

A list of participants is at Annexure-I **Shri S.S. Gupta**, Development Commissioner (Handicrafts) and Chairman of Sub Group on Research Education, Training, Design and compliances welcomed all the members present in the House. The Chairman further informed that before starting the discussions, Smt. Alka Arora, ADC (H) will give a brief presentation on the salient feature of the draft report prepared on the subject after incorporating views of the committee members, filed offices and implementing partners. Smt. Alka Arora, ADC (H) gave the presentation on the methodology contents and different modifications proposed in the related components of the schemes. On the issue of Stipend to trainees, Smt. K.G. Menon, Hony. President, Craft Counsel of India said that earlier different Ministries would give stipend to trainees at different rates. Later the Planning Commission decided to pay stipend at par on similar rates. She further emphasized that Office of DC (Handicrafts) may think seriously on this issue otherwise, the trainees may leave the training on mid way and go wherever they would get more stipend that that of what Office of DC (Handicrafts) is giving. She proposed that this may be looked into seriously and at least stipend @ Rs.3000/- per month may be considered.

On this, the Chairman said that this point was raised a number of times earlier also and we had tried to address this issue. The Chairman further said that the matter will be further looked into. On the issue of Market Linkages, Smt. K.G. Menon raised a question that what is market linkages and how it is related to design workshop/ On this the Chairman said that this component is related to Design Programmes. Every member was of the view that the agency related to design and organizing Design Workshops/Design Projects must have market linkage. Smt. Alka Arora, ADC (H) further said that agencies who do the Design Workshops and Design Projects without market linkage are not able to market, the Prototypes and the new designs. So, it has been decided that the Implementing Agency can take another scheme like Exhibitions etc. from Office of DC (Handicrafts) and display such prototypes in the exhibitions. Regarding the compliance issue Smt. K.G. Menon...
requested to explain the quality certification etc. of the product. She further said that how a product like Cane & Bamboo be given a quality certification. The Chairman said that the quality certification and specifications are the compliance issues primarily for export markets in terms of strength and quality. On the issue of Assistance to Central Government sponsored institutions, Smt. K.G. Menon requested to explain the same.

The Chairman said that we are receiving so many requests from different Institutions requesting that some kind of assistance must be given during the 12th Plan period because they are facing so many difficulties and that is why this has been created, mainly on capital expenditure and a provision has been made wherein in addition to committed liability fresh requests for funding can also be considered. On the issue of Developmental Activities which was restricted to RD&TDCs only and has now been proposed to be undertaken at M&SEC level also, Smt. K.G. Menon suggested that the areas can be relocated to RD&TDCs instead of doing such activities at MSEC level.

On this issue, Shri P.K. Khullar, RD (CR), Lucknow explained that the main concept for undertaking such activities at MSEC level is that it should reach to more and more artisanal people across the country because such activities undertaken earlier by RD&TDCs were the in-house activities so the approach of beneficiary artisans was very less. Regarding Design & Technology Upgradation Scheme and on the issue of number of artisans proposed to be 30, the House requested that it should be reduced to 15 to 20. On this, the Chairman said that this the maximum number of beneficiary may be fixed at 30 and any reduction in the number will lead to proportionate reduction in the funding. Shri Aashoke Chatterji said first we must go for market research and based on that we must go for such Workshops. Therefore, in the Workshops there should be marketing agencies and then there could be follow up of it. On this the Chairman said that this is a good suggestion and should be incorporated.

Shri P.K. Khullar, RD (CR) said that the features of the scheme right now prescribes that any workshop to be undertaken in a cluster or other than cluster, the Designer engaged for conducting the Design Workshop or the Design Project should have marketing survey/linkages. Otherwise, the Prototypes developed by the Designer is of no use. He should have intentions about the market demand of a product to be developed. A suggestion from the house came that earlier the Design Workshop used to be conducted for 15 days. Now, since the duration of workshop has been increased from 15 days to 21 days, the increased period of 7 days could be kept for basic market research work. On this
the Chairman said that we would keep it for 21 days but the Designer must do the research work well in advance and then start the workshop. Before start of the Workshop, some kind of survey report should be available with this office so that we would come to know that the research work has been undertaken. Smt. Charu Wali Khanna suggested that before conducting Wrokshop, the Research Agency or the Designer should undertake market research work well in advance, otherwise the prototypes developed would be of no use. Shri Ashoke Chatterji also suggested that Workshops conducted during a year should reflect the research activity taken place in previous year with the support of Office of DC (Handicrafts), which sets the agenda what kind of Workshop should be conducted next year and what the basic needs of market is.

On this the Chairman said that a component shall be framed for development of market intelligence and that will be used for conducting market research work. One of the recommendations shall be for Page 5 of 7 Research, Training, Design & compliance issues for the 12th Five Year Plan

collecting the market intelligence and the design required by the market. Shri Ashokd Chatterji suggested that market intelligence should become the foundation of a workshop. The Chairman appreciated the suggestion give and said that one more component shall be incorporated in the Design Workshop to conduct market study and collecting market intelligence in advance and that will become basis of every Design Workshop in future. Since this task is a big job, so it will be divided craft-wise as well as region-wise and that will become basis for conducting the Design Workshop. The Chairman further informed the house that NCDPD shall also undertake two days workshops for Designers for conducting Design Workshops on market intelligence. Shri Rohit Bhardwaj, Director (Handicrafts) also suggested that Designer engaged for a particular Design Workshop should submit its report with market intelligence and without that no project should be accepted. The Chairman said that every year we must have some kind of study done that what the market and design forecast is and the assignment should be given to some professional agencies and they would come out with forecast of market intelligence. Further Shri Ashoke Chatterji suggested that instead of displaying such Prototypes in Exhibitions and all that, it would be better to book a Conference Hall and invite the traders only. Smt. Alka Arora, ADC (H) said that we have proposed to organize a small exhibition like buyers-sellers meet etc. in the local area only where such prototypes could be displayed. Page 6 of 7 Research, Training, Design & compliance issues for the 12th Five Year Plan

The Chairman said that this is a good suggestion and informed that in the Design Project, one month for pre-survey and one month for post marketing should be included in the
Working group report on Handicrafts for the 12th Five Year Plan

project wherein such exhibitions or buyers-sellers meet are organized and traders are invited. Shri Ashoke Chatterji further suggested that market testing should be included in the Design Project component because without market testing undertaking the activities of Design Project is waste. For this matter we shall have to engage the Designer for a more period. He further said that in private sector a Designer is engaged for more than six months. If this policy is not adopted in the handicrafts sector, the designers are reluctant to join the handicrafts sector because they have no future. On this the Chairman said that the Design Project may remain for six months; three months for Research study/survey and of market intelligence as well as post exhibitions etc. and the three months for design work. The Designers may be paid for six months and the financial implications towards designer’s fee may be worked out. Smt. Gulshan Nanda, Co-Chairperson-Working Group suggested that we must collect the prototypes of 5-6 Design Projects and accordingly organize one general Buyers-Sellers Meet where such prototypes are displayed and sold. Regarding Shilp Guru Award and the amount proposed now in 12th Plan period, healthy discussions took place in the house on the issue. Ultimately, it was decided to give Shilp Guru the award amount of Rs.2.00 lakh. Regarding Scholarship to Shilp Guru children, the Committee was of the view that it should be open to all artisans. Page 7 of 7 Research, Training, Design & compliance issues for the 12th Five Year Plan

On this the Chairman decided and informed the House that scholarship shall be extended to Children’s of Shilp Gurus, National Awardees, NMCs and State Awardees only. On the component of Internship programme of 4 months with handicraft exporters, Shri Ashoke Chatterji suggested that it should be Handicraft Industry because domestic market is far more important. The Chairman accepted the suggestion. Smt. K.G. Menon suggested that the documentation may be made available to public and if possible on Website also so that one could have access to these documents. She also suggested that such documentation may also be got published. On this the Chairman said that since it is already in existence in the R&D Scheme. However, it will be looked into and a component should be included as “Documentation – Publication of the Research Studies of Craft Clusters and Buyers”. The same should also be published in regional languages. Shri Ashoke Chatterji suggested that unstructured fellowship may be provided to all the senior artisans in order to increase their capacity as is in practice with Senior Scientists who are always given lifelong opportunities to learn more and more. On similar grounds the senior artisans may also be included for capacity building. Rest of the components were appreciated by all the members of the House. At the end of the meeting the draft report was adopted by the Committee subject to above suggestions. The meeting ended with vote of thanks to the Chair.
11.4.5 Subgroup V: Inputs, Credit, Raw Material

11.4.5.1 Orders for creation of subgroup on Input, Credit and Raw material


Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066
Dated: 18 June, 2011

ORDER

Sub: Constitution of Sub - Group on Inputs, Credit And Raw Material for the 12th Five Year Plan

It has been decided to constitute a Sub-Group on Inputs, Credit And Raw Material for the 12th Five Year Plan with the object of preparing the strategy for achieving the objective of 12th Five Year Plan.

The Composition of Sub-Group on Inputs, Credit And Raw Material is as under:-

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<th>No.</th>
<th>Name of the Person</th>
<th>Position</th>
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<tbody>
<tr>
<td>1</td>
<td>Development Commissioner for Handicrafts</td>
<td>Chairman</td>
</tr>
<tr>
<td>2</td>
<td>Smt. Alka Arora, Addl. Development Commissioner[Handicrafts], O/o DC[Handicrafts], New Delhi</td>
<td>Co-Chairperson</td>
</tr>
<tr>
<td>3</td>
<td>Shri Rohit Bhardwaj, Director[Handicrafts], O/o DC[Handicrafts], New Delhi</td>
<td>Co-Chairman &amp; Convener</td>
</tr>
<tr>
<td>4</td>
<td>Representative from Planning Commission</td>
<td>Member</td>
</tr>
<tr>
<td>5</td>
<td>Shri P.K. Khullar, RD[CR], O/o DC[Handicrafts], Lucknow</td>
<td>Member</td>
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<tr>
<td>6</td>
<td>Director, Insurance &amp; Banking Division, Ministry of Finance</td>
<td>Member</td>
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<td>7</td>
<td>Ms. Kirti Saxena, Economic Advisor, Ministry of DoNER</td>
<td>Member</td>
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2. Terms of reference are as under:-

I. To examine, review and analyze the existing Scheme implemented in the 11th Plan in respect of Handicrafts sector with specific reference to Credit, Raw Material and other inputs.

II. To suggest need for special dispensation in the scheme for North Eastern States.

III. To assess the extent of financial services available and suggest ways & means for their timely delivery.

IV. To assess the creation of institutionalized supply chain management services for the sector.

V. To assess new methods of interventions specifically w.r.t. Public Private Partnership.

VI. To study present system of credit availability. To suggest way and means for enhancing availability of credit and to enhance credit flows to craft artisans/producers.

VII. To assess the present system of Raw Material supply and suggest measures for improvement.
VIII. Any other such issues found to be relevant.

3. The Chairman is authorized to invite or co-opt any members for any meeting as and when required for specific inputs.

4. The Official members will be entitled to payment of TA/DA from their respective offices as per the rules applicable to them. The non-official members of the Committee shall be paid TA/DA by the O/o Development Commissioner (Handicrafts) as per rules. Air travel is to be undertaken only by Air India.

5. Sub Group will be serviced by the Office of DC (Handicrafts), Ministry of Textiles, Govt. of India, R.K.Puram, West Block No.7, New Delhi.


[V.P.Thakur]
Sr. Assistant Director (P&R)

To,

Chairman and Members of the Sub Group

Copy to:

1. PS to Secretary (T)
2. Library office of DC(H) / Planning Commission
3. Accounts Division

[V.P.Thakur]
Sr. Assistant Director (P&R)
Minutes of meetings

MINUTES OF THE MEETING OF SUB GROUP ON INPUTS, CREDIT AND RAW MATERIAL FOR THE 12TH FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 28.06.2011 AT 4.30 P.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

A list of participants is at Annexure-I

Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman, extended warm welcome to the members and informed that the Planning Commission has constituted a Working Group for finalizing 12th Five Year Plan. Accordingly, five Sub Group Committees have been formed and this is the 5th Sub Group for Inputs, Credit and Raw Material, mainly responsible to discuss all matters related to credit facilities, raw material problems etc. He further suggested that any member want to give any suggestion or Power Point presentation or send their suggestion through Email invited and shall be discussed in the next meeting. But whatever the suggestions may come from any of the member that should the strategy for 12th Five Year Plan as well as the changes in the scheme; whether to continue in the same form as in the 11th plan period or can be introduced a new form in the scheme. The Chairman further said that Smt. Alka Arora, ADC (H) will give a brief presentation and thereafter any member want to make presentation on Credit Facility or Raw Material Scheme, will be given opportunity to do.

Before start the Chairman requested all members to have a round of introduction. Accordingly, all the members introduced themselves.

Smt. Alka Arora, ADC (H) made a brief presentation on the Inputs, Credit and Raw Material. The presentation included various components of Credit Guarantee, such as issuance of credit card to artisans etc. She further said that first of all the Credit Guarantee Scheme is the social security and to remove the impediments to flow credit directly to the artisans. The scope of the scheme is to provide guarantee cover up to 75% for credit facilities (80% to North Eastern Region) upto loan offRs.25.00 lakh. The rate of interest is upto 3% above the PLR and the coverage is for a period of three years. She further said that so far 96,679 Credit Cards have been issued and Rs.149.45 cores credit has been sanctioned upto April, 2011. About 4.00 lakh applications have been forwarded to the Banks.
Regarding Raw Material Banks, Smt. Alka Arora, ADC (H) said that the setting up of the Raw Material Bank is one of the major component under AHVY Scheme. The objective is to make easy availability of quality raw material to the artisans at a reasonable rates. The eligible organizations for setting up of Raw Material Banks are autonomous bodies, financial institutions, State Handloom & Handicraft Corporations, Apex Bodies, Government Bodies, and Consortium of NGOs etc. The financial assistance of grant of Rs.2.00 crore is given to the implementing agency for setting up of Raw Material Bank, which is released in three installments. She further said that the proposed improvements are that the use of less explored raw material such as pineapple fiber, banana fiber etc. Already the Ministry is working on the Natural Fiber Policy and the new fibers which have been unexplored in the country and we would like to introduce them in the 12th Five Year Plan to be promoted further.

**Shri S.T.S. Lepcha**, CEO, Uttarakhand Bamboo & Fiber Development Board gave a brief presentation on Raw Material Bank Scheme. He suggested that infrastructure cost may be included in the 12th Five Year Plan because the problem is that the raw material is available particularly after harvesting and there is a problem in storing that. He further suggested that wastage should be counted at least 5%. On this the Chairman clarified the IA should take care whatever the wastage is there since no refund is made with the organization and the money released is permanently available with the organization, therefore, the wastage is to be taken care of from the earnings.

Shri Lepcha further suggested that 10% increase of Corpus, 6% is very ambitious. On this, the Chairman welcomed the suggestions and observed and said that corpus may be reduced to 4% instead of 10%.

The Chairman further observed that on credit funds, what our experience is that we forward applications to Banks and the bank do not response. Instead of paying Guarantee Fee the banks do not come forward. Such kind of problem can be sorted out with the help of bank authorities.

**Shri Zubair**, Director, IICT, Srinagar observed that it is not so easy for an artisan to get credit through banks. The bank authorities always ask for collateral guarantee, particularly a Government official. Secondly, the bank authorities are not well aware about the scheme. He further said that on this issue he had a meeting with the Chief Secretary regarding ACC but the problem still exists. He further suggested that awareness programmes with the bank authorities should be organized in the rural areas as well as in remote areas otherwise the bank employees are simply avoiding the artisanal community making so many excuses. The State Government is providing subsidy upto 5% on this
scheme. Despite that the bank authorities do not help the artisans and the scheme is not taking up.

On this, the Chairman said that the matter has already been discussed with the Secretary (Textiles) about the security and collateral security in case of ACC. But the very problem is on both sides. We had number of discussions with bankers. The Chairman further said that we have to motivate the artisans that this is not free money, this is a service we provide and it will only continue if an artisan will repay the amount. Since this is a Government scheme, we have to find out some solution to this problem.

Smt. Shaheen, RD (NR) suggested that most of the banks are not aware about the scheme so some awareness camps needs to be conducted in urban areas so the full awareness is given to bankers about the Credit Guarantee Scheme. On this the Chairman said that all the bankers are well aware about the scheme. Since they do not want to lend the money they make excuses because they are afraid that if the give loans they knew the artisans will not come back. The Chairman further said that even the NGOs will not give the collateral security because they are doubtful that money will come back to banks. The Chairman also said that workshops will be done as well as the camp approach. He further emphasized that the scheme will run if both sides will cooperate. If both sides will not cooperate the scheme will not work.

One of the members suggested issuance of smart card for credit guarantee to the artisans, as has been done in case of health insurance scheme. On this Smt. Alka Arora, ADC (H) said that this may not be possible in case Credit Guarantee Scheme.

The Chairman observed that the system may work if the matter is taken up with the Finance Ministry and they can fix a target to banks for releasing credit facilities to artisans.

Shri Vijay Mahajan, BASIXS suggested that they would like to come forward to facilitate credit to the artisans and that too collateral free loan. He further said that they give loans to Clusters and 100% recovery from them. With a view to help artisans they can come forward to give loans but only disadvantage is that they borrow from banks and then lend it. They can give loans from Rs.1.00 lakh to Rs.20.00 lakh to producer group and charge 18% interest and in case of individuals, they give loan upto Rs.50,000/- as per guidelines of RBI and the rate of interest is 24%. They do not want any guarantor, they give loan at doorstep and get refunded at doorstep itself. However, if office of DC (H) would like to consider they can pay subsidy.

On this, the Chairman observed that the rate of interest of 24% is much higher that means the artisan has to make a profit of maximum 30% to 35% then only he can repay
and 35% margin is not there in Handicraft items. The Planning Commission is very much against it. In Mega Cluster Scheme has a provision of Interest subvention of 5% but this is limited for those schemes. It is a kind of recurring expenditure and I am not sure that Planning Commission could be convinced. However, we will take up the matter with Planning Commission.

Shri Mahajan further expressed that association of Office of DC (Handicrafts) with Micro Finance Companies may yield better results in term of credit flow to artisans.

On this the Chairman observed that we will be very happy to associate with Micro Finance Companies with financing of the artisans and requested them to fix a meeting and power point presentation on this.

Shri V.K. Goyal, Consultant (VSE) Planning Commission made two submissions. Regarding credit guarantee the problems the J&K people are facing the matter can be taken up with Finance Secretary of State. He further suggested that through some community committees the pressure can be build up on the artisans that they should refund the money and some awareness should be created amongst them that this is not an easy money and it should be refunded back to the banks otherwise the colleagues will be debarred from this assistance.

Regarding Micro Financing, Shri Goyal suggested that a business model may be worked out with Micro Finance Companies. However, the decision is to be taken by the Ministry of Finance.

Chairman informed the members that there is no scheme for subsidy on rate of interest but there is a scheme for Margin Money in the cluster @ Rs.4000/- per artisan. He further desired to have dialogue with Micro Finance Institutions how to involve them. We would also look into the matter whether CGTMSE can involve private institutions and can cover them also. We will discuss with SIDBI also on this issue. He also desired to have a power point presentation from Micro Finance Institutions.

Smt. Alka Arora, ADC (H) desired to have a meeting will be convened with banks separately.

Shri Sudarshan Sahoo, Shilpi Guru fro Orissa expressed his concern about non availability of raw-material. The raw-material like stone and wood is rarely available in the State due to restrictions on de-forestation and if available, high rates are charged for the same. With the reason a poor artisan is unable to purchase the raw material due to exorbitant rates. With the result the producers are not able to meet the demand of finished
goods. He therefore, suggested that arrangements for easy availability of raw material may be made on subsidy rates.

Smt. Gulshan Nanda desired to know that rarely an artisan can pay three times cost of raw material how could a poor artisan get raw material on such rates. In Guru Shishya Parampara Scheme young artisans are trained but due to scarcity of raw material how can they survive.

The Chairman informed the members that financial assistance under the Raw Material Scheme is upto Rs.2.00 crore. He further said that we may consider and can give Raw Material Banks to Federations having artisan membership.

Smt. Anuradha Sahu, National Awardee said that two points are very important; procurement cost and distribution cost, and enquired as to who decides on these costs.

Smt. Alka Arora, ADC (H) said that the Corporations being Implementing Agencies are to decide the cost.

On this the Chairman observed that the objective of the scheme is that the Corporations should make the raw material available at the reasonable rates to the artisans; we don’t expect the Corporations should make exorbitant profits. Even the market prices may go up still we want that Corporations should change marginally.

Shri Goyal from Planning Commission suggested that artisans consortiums, federations may also be involved for Raw Material Bank Scheme.

Shri Ayub, artisan of wood carving from Delhi expressed his concern that the rates of wood raw material has gone extremely high. This needs to be addressed to.

Smt. Anuradha said that she would like to talk about R&D and the very basic is procurement raw material for all the crafts, one is the forest resources like bamboo, natural resources like clay, stone, industrial resources, agricultural resources and we should have a data base for this. Because the basic raw material in a good quality is rarely available, we should have alternative arrangements. Unexplored Raw material which may be substitute for future could be considered and R&D may be looked upon.

The Chairman welcomed the suggestion and observed that we shall have to find alternative material and technology.

Ms. Sarmistha Mohapatra, IL&FS suggested that a professional manager should be engaged for proper management of the Raw Material Bank. At least 10% budget should be kept for professional managers.
The Chairman said that this kind of professionalism is already available with the Corporations as is being in practice with Tamil Nadu Corporation.

Shri Goyal from Planning Commission suggested that funding for Godown is not necessary as the infrastructure is easily available with State authorities which can be rented out. Infrastructure available with State Government could be best utilized for the purpose.

The Chairman said that since the Raw Material Bank and CFC are very important schemes to benefit the artisanal community therefore, these two will be removed from cluster scheme and club with Infrastructure schemes during the 12th plan period. He also desired to call the members from at least two Raw Material Banks Implementing Agencies (one from Corporation and one from Private party) and discuss with them regarding the difficulties they are facing. He further said that in major crafts major raw material is required. Therefore some exercise will have to be done and a kind of business modal can be developed. On natural fiber, the Chairman said that we can have a separate chapter for this.

Members may send their views and suggestions to the following dedicated Email ID:

mailtodch.rmaterial@gmail.com

The next date of meeting has been fixed on 13th July, 2011 at 11.00. In this meeting the Chairman desired that we can have a strategy kind of plan for the scheme.

The meeting ended with the vote of thanks to the Chair.
Reference: First meeting of the Working Group held under the Chairpersonship of Secretary (T) on 14.06.2011 at 3.00 p.m. in the Committee Room, of the Office of DC (Handicrafts), New Delhi,

SUPPLEMENTARY MINUTES

The Minutes of the first meeting of the Sub Group on Inputs, Credit, Rawmaterial held under the Chairmanship of DC (H) on 28.06.2011 at 4.30 p.m. in the Committee Room, of the Office of DC (Handicrafts), New Delhi, were circulated on 29.06.2011

The following points are also to be included in the said minutes:

During the meeting, Consultant (VSE) Planning Commission made two submission:

(1) On the issue raised by Director Srinagar that Banks are asking for collateral guarantee and that too fro Govt. Servant, it was informed that as suggested by representative of RBI in Steering Committee meeting held on 9th May 2011 that there is a State Level committee in each state which look after the issues and difficulties being experienced by units in getting finances/credit this matter be taken up there./ It need to be pursued again and again.

He further suggested that through some community committees some awareness should be created amongstratisans that this is not an easy money and moral pressure could be built up on the artisans that they should refund the money otherwise the colleagues will be debarred from this assistance.

(2) On the presentation made on behalf of BASIX specially informing that some artisans are availing the facilities through them, although their bank interest is @ 24% (which is on higher side as they borrow and then lend) and their recovery is 100%, it was suggested that BASIX may give business model details in the next meeting. Further, if suppose the benefit of Credit Guarantee Fund is extended to them can they reduce rate of interest. On the issue of interest subvention, it was informed that the decision is to be taken in the Ministry of Finance.
MINUTES OF THE 2\textsuperscript{nd} MEETING OF SUB GROUP ON INPUTS, CREDIT AND RAW MATERIAL FOR THE 12\textsuperscript{TH} FIVE YEAR PLAN HELD UNDER THE CHAIRMANSHIP OF DEVELOPMENT COMMISSIONER (HANDICRAFTS) ON 13.07.2011 AT 11.00 A.M. IN THE COMMITTEE ROOM OF OFFICE OF THE DC (HANDICRAFTS), NEW DELHI

List of participants is at Annexure –A.

Shri S.S. Gupta, Development Commissioner (Handicrafts) and Chairman, extended warm welcome to the members.

Subsequently presentation was made by Sh. Zubair Ahmad, Director (IICT), Srinagar regarding Credit and Raw Material input required in the sector.

Shri Zubair detailed on Credit Card scheme being implemented by O/o DC(Handicrafts). He observed that the scheme is not picking at all and needs immediate attention. Banks are reluctant to facilitate the artisans. Financial institutions are insisting for Collateral Security. Statistical data reveals that only 0.5 to 1% of artisans of J&K have been issued ACC. He further observed that lot of time is consumed by banks to process the case.

Sh. Zubair suggested that credit facilitation is life line of artisans in general and carpet in particular. The scheme is necessary since it empowers artisans and frees them from clutches of middlemen. Sh. Zubair suggested that target for issuance of ACC Must be fixed for State Govt. and must not be less then 15- 20% of total artisanal population. Periodic review of progress of implementation on quality basis is required. Regular field visit of concerned officers of State/ Central Govt. alongwith other bank officials in craft concentration areas need to be introduced so that of ACC cards are issued on spot.

On his presentation on Raw Material Bank he observed that majority of artisans are not aware of scheme. Artisans are not interested to avail facility as rates are charged comparatively higher than the market price. Unsuitable location of raw material banks were also cited as reasons for the unsatisfactory performance of the scheme in J&K.

Sh. Zubair suggested that proper awareness through print and electronic media is required. Workshop should be assigned in craft concerned areas on credit awareness. Compendium of scheme must be made available in local languages. It was further suggested to explore the possibilities of modifying the extisting raw material scheme on the line of Mill gates price scheme. There must be provision for construction of godown in
scheme itself with some operational expenses so that the scheme can withstand initial constraints. Location of raw material bank must be in vicinity of users. There has to a mechanism for introducing raw material credit card for credit of maximum Rs 15000 to be paid within six months.

DC(H), observed that, Credit issue is an important issue and the Banks have to come forward to extend credit facilities to artisans. Regarding Scheme on pattern of Mill Gate Price, DC(H) observed that it is impossible to consider the same as in handicrafts sector there are number of Raw Materials which creates logistical impediments for this types of scheme. He Opined that the present Scheme of Raw Material Bank is good and only thing required is proper implementation and monitoring.

Sh. Naba Kishore Singh, Principal Secretary (Deptt. Of Commerce and Industry), Govt. of Manipur, expressed that the Banks are not having structure for delivery of small credit. Banks are not even keen to sanction and disburse small loans. He suggested that MFIs may be channelized to facilitate credit to handicrafts artisans. However he expressed concern that MFIs are charging higher rate of Interest and this issue may be left open among the Borrower and lender. Shri Kishore further suggested that to overcome the shortages of depleting Raw materials, efforts may be initiated for plantation of Raw Material like Bamboo, Kauna with the help of willing artisans or Societies. He cited an example of M/s Women Income Generation Centre, an NGO in Manipur who has taken many initiatives for plantation of Kauna.

Shri Manoj Kumar Das, DGM, NeDFI, explained the programmes taken by NeDFI and their association of MFIs in successfully extending micro credit facilities in North Eastern Region. He informed the committee about the successful implementation of their Scheme called SNEH, which is exclusively for Handloom weavers and Handicrafts artisans of North East.

Ms. Runa Banerjee, General Secretary, SEWA, Lucknow expressed her happiness that SIDBI has provided loans to 30 artisans associated with her organization however the matter of concern is higher Rate of Interest charged by them. She added that Handicrafts is a priority sector and Banks do have quota to provide loans to artisans yet the scheme has not taken up. If repayment is smooth loan is not a problem for borrowers.

Shri Rohit Bhardwaj, Director (Handicrafts) observed that over dependence on Banks will not lead to improvement in the credit delivery system.

He suggested that
a) Handicrafts Sector to be included in Priority lending and targets for Banks should be fixed by Ministry of Finance.

b) MFIs and Banks may be made our channel partners in implementing the scheme and some sort of subsidy may be introduced for MFIs and Banks for channelizing credit to artisans.

c) Possibility to designate a lead Bank in each cluster as Cluster Service Delivery Bank may be explored where we may provide grants to Banks and they will be mandated to serve cluster artisans.

Shri V.K. Goel, Consultant (VSE), Planning Commission expressed that MFIs could be channelized but interest subsidy should be rethought. Business model is to be worked out with MFIs. He felt that Banks are willing to extend credit to artisans, only need is to persuade them. There is a need to create pressure on the Banks. He expressed his unwillingness to extend Subsidy to MFIs as that may not force the cost to come down. In fact Rate of Interest must be left open for MFIs.

DC(H) also expressed his unwillingness for Interest Subsidy as it leads to adverse social impact in long term. He said that Margin Money Scheme is a good scheme and may be continued.

Shri P.K. Khullar made his observation that Credit is not an issue. In fact 95% are wage earners and 5% are entrepreneurs. In fact there is trust deficit between borrowers and lenders. He cited the example of Credit extended to artisans of Moradabad where recovery is minimal. He suggested that it is important to ensure assured market support to artisans.

Shri Rohit Bhardwaj, Director (H) added that continuing with the existing scheme will not be of much help and hence we may adopt new scheme/model in the interest of artisans.

Next Presentation on Credit facilities was made by Shri Anoop Kaul from BASIX.

He explained that the proposed modal is not only about Financial support but also Hand holding artisans. He made presentation on inputs on what MFI exactly is. He took up a case study and shared the contribution made by Basix to the society.

He observed that there is a need for Govt./Banks/Technical Service Providers/Civil Society Organisations and people component to come together so that artisan class of society are leveraged. According to Sh Kaul “MFIs cannot strictly help those who are ultra
poor because they are having no paying capacity.” So what MFIs do is to use partner Govt. in trying to make things happen. He further explained that his organization is into mobile banking, skill training, asset transfer etc.

Ms. Anita Reddy, Dwarka Foundation observed that on ground reality MFIs are becoming like middleman. Resistance is there in the field against working of MFIs. What is required is Social Collateral and Group Collateral. What goes directly to the artisans in the manner in which they assess this subsidy that we are talking about. So there is a need to have regulatory framework that is very very firmly in place. We must ensure that subsidy component and collateral is working well 95% if not 99% where social collateral is working well. She expressed her concern that MFIs are taking more out of People than even Banks.

On the Raw Material Bank, Sh. Sudarshan Sahoo, Sudarshan Crafts Museum, Puri, opined that Comprehensive planning is required for Raw Material as the types of Raw Material differ from Craft to craft. He expressed his concern on fast depletion of some of the Raw Material such as Stone, Wood etc. He underlined that there has to be policy to minimize wastage of Raw Material.

Smt Kritika Singh from AIACA, suggested that any artisan who has got confirmed purchase order, should be considered by the Banks for extending Credit Facilities.

Chairman while concluding the meeting desired participation of artisans may be in form of advisory committee or federation, is important for successful of Raw Material Bank. He also agreed for new scheme for Credit Facilitation in 12th Plan.

He expressed that Members if desired so, may send their views and to the following dedicated Email ID:

mailtodch@gmail.com

The meeting ended with the vote of thanks to the Chair.
Reference: First meeting of the Sub Group on Inputs, Credit, Raw material held under the Chairmanship of DC (H) on 28.06.2011 at 4.30 p.m. in the Committee Room, of the Office of DC (Handicrafts), New Delhi,

SUPPLEMENTARY MINUTES

Reiterating the discussion held during the first meeting of the Sub Group on Inputs, Credit, Raw Material held on 28.06.2011 at 4.30 p.m.

Shri V.K.Goyal, Consultant (VSE), Planning Commission made two observations:

(1) On the issue raised by The Director, IICT, Srinagar that, Banks are asking for collateral guarantee and that too from Govt. Servant, it was informed that as suggested by representative of RBI in Steering Committee meeting held on 9th May 2011, there is a State Level committee in each state which looks after the issues and difficulties being experienced by units in getting finances/credit and that this matter be taken up there and shall have to be regularly persuaded.

He further suggested that through community committees some awareness should be created amongst artisans, that this is not an easy money and moral pressure could be built up on the artisans to refund the money failing which the colleagues will be debarred from this assistance.

(2) On the presentation made on behalf of BASIX specially informing that some artisans are availing the facilities through them, although their bank interest is @ 24% (which is on higher side as they borrow and then lend) and their recovery is 100%, it was suggested that BASIX may give business model details. Further, he enquired as to whether if the benefit of Credit Guarantee Fund is extended to them, can they reduce the rate of interest. On the issue of interest subvention, it was informed that the decision is to be taken in the Ministry of Finance.
Minutes of the 3rd Meeting of the Sub Group on Inputs, Credit & Raw Material in the Handicraft Sector for the 12th Five Year Plan held on 29.07.2011 at 12.30 P.M. under the Chairmanship of Development Commissioner [Handicrafts] in the Committee Room of Office of the Development Commissioner [Handicrafts] to consider the Draft Report of the Sub Group

The list of the participants is attached at Annexure-I.

The Chairman welcomed all and explained the agenda for the meeting. It was informed to the Committee that the presentation will be made by Co-Chairman & Convener on the salient features of the draft report prepared on the topic. Shri Rohit Bhardwaj made a presentation on the salient features of the report including the methodology, recommendations, modifications proposed in the existing component of the scheme, new scheme proposed to be recommended and all other policy and administrative issues.

While making a presentation on the performance of the existing schemes on credit, it was brought to the notice of the Committee that the main tool of the credit delivery for the artisans is Artisan Credit Card [ACC]. ACC is a scheme of the banks and this office only acts as a facilitator in implementation of the scheme by way of mobilization of the forms from the artisans and verifying the genuine artisans, etc. It was further informed that the only one lakh cards has been issued in last five years whereas credit requirement of the sector is much more and therefore there is a need to look for alternative model preferably a scheme for credit facilitation to be directly operated by Office of the DC[Handicrafts].

Subsequently, the changes in the existing component proposed in the 12th Five Year Plan were discussed. The Committee approved all the changes relating to raw material bank and component related to credit with the following modifications:

1. In Margin Money Scheme assistance per artisan will be increased to Rs. 10,000 with the maximum ceiling 8 lakh per cluster.

2. Under the Credit Guarantee Scheme, CGTSME may be requested to provide coverage to the loans given by different State Finance Corporations, SC/ST Corporations, Minority Finance Corporations, etc.
3. The Raw Material Bank may be set up with clear monitoring mechanism and business model.

Further, the new scheme proposed to be introduced for credit facilitation in the sector was also explained to the Committee. The Committee was of the view that enough precautions may be taken while dealing with MFI as there are report of excesses committed by the MFI for recovering the loan.

Representative of the NABARD opined that so far as possible financial inclusion may be made through the formal banking sectors rather than opting for MFI routes. He further explained that NABARD gives credit to the rate of 4% to the banks for giving credit to SHGs. However, further after inquiry it was revealed that ultimately bank lend at 10 to 12% for the loans which is exorbitant in view of the poor economic status of the Handicraft Sector.

Representative of the Basix, Shri Kaul opined that the Government will soon bring out MFI regulation bill which will be very helpful in regulating the MFI. It was further informed by him that the reluctance of the banks to lend to the artisans is the main reason which explains why one lakh cards have been issued in last 5 years and therefore looking for a alternative model of financing has become imperative for the Government in 12th Five Year Plan.

Representative of the NABARD also talked about Rs. 500 crores package available with the NABARD for providing credit to those SHGs who are first time borrowers.

The Chairman was of the view that scheme can be taken up on a pilot basis with Rs. 200 crores to assess its effect and depending on the evaluation a bigger roll out can be considered. The policy for involvement of MFI needs further deliberation and adequate checks & balances have to be incorporated to stop any misuse of the funds.

Finally, the draft report was adopted by the Committee subject to the modifications suggested during the meeting. However, it was also informed by the Chairman that in case any further recommendations are received by this office from the members those will also be considered for incorporation even at working group stage also.

The meeting ended with a vote of thanks to the Chair.
11.4.6 Corrigendum


Government of India
Ministry of Textiles
Office of the Development Commissioner (Handicrafts)

West Block No.7, R.K.Puram
New Delhi – 110 066
Dated: 29th July, 2011

CORRIGENDUM

Sub: Constitution of Sub - Group on (1) Artisan Welfare (2) Brand Building, Marketing, Craft Promotion, Advocacy, Entrepreneurship (3) Research Education, Training Design and Compliance Issues, (4) Cluster Infrastructure and Technology, (5) Inputs, Credit, Raw material for the 12th Five Year Plan

In continuation to the order of even no. dated 18/06/2011 constituting the above mentioned 5 Sub-Groups with the object of preparing the strategy for achieving the objective of 12th Five Year Plan. The Name of Ms. Gulshan Nanda, Co-Chairperson -Working Group has also been incorporated in the said 5 Sub-Groups.

This issues with the approval of DC(H).

Sd/-

[V.P.Thakur]
Sr. Assistant Director (P&R)

To,

1. Chairman- Sub Group
2. Representative from Planning Commission

Copy to:
1. PS to Secretary (T)
2. Library office of DC(H) / Planning Commission
3. Accounts Division

Sd/-

[V.P.Thakur]
Sr. Assistant Director (P&R)
SCHEDULE OF WORKING

&

SUB-GROUP MEETINGS
### SCHEDULE OF MEETING OF WORKING GROUP

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Schedule of 1&lt;sup&gt;st&lt;/sup&gt; Meeting</th>
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<tr>
<td>1</td>
<td>14.06.2011 3.00 p.m.</td>
<td>The Committee Room, O/o DC (Handicrafts) Ministry of Textiles, Govt. of India West Block-VII, R.K.Puram, New Delhi</td>
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<tr>
<td>2</td>
<td>17.08.2011 11.30 a.m.</td>
<td>Room No.162 (Textiles Room) Ministry of Textiles, Udyog Bhawan, New Delhi</td>
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### SCHEDULE OF MEETING OF SUB-GROUPS

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<th>S.No.</th>
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<th>Schedule of 1&lt;sup&gt;st&lt;/sup&gt; Meeting</th>
<th>Schedule of 2&lt;sup&gt;nd&lt;/sup&gt; Meeting</th>
<th>Schedule of 3&lt;sup&gt;rd&lt;/sup&gt; Meeting</th>
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<tr>
<td>1</td>
<td>Brand Building, Marketing, Craft Promotion, Advocacy, Entrepreneurship</td>
<td>21.06.2011 11.00 a.m.</td>
<td>11.07.2011 11.00 a.m</td>
<td>28.07.2011 11.00 a.m</td>
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<td>2</td>
<td>Artisan Welfare</td>
<td>21.06.2011 4.00 p.m.</td>
<td>11.07.2011 1.00 p.m.</td>
<td>28.07.2011 3.00 p.m.</td>
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<tr>
<td>3</td>
<td>Research Education, Training Design and Compliance Issues.</td>
<td>27.06.2011 11.00 a.m.</td>
<td>12.07.2011 11.00 a.m.</td>
<td>29.07.2011 11.00 a.m.</td>
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<td>4</td>
<td>Cluster Infrastructure and Technology</td>
<td>27.06.2011 3.00 p.m.</td>
<td>12.07.2011 3.00 p.m.</td>
<td>29.07.2011 12.30 p.m.</td>
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<tr>
<td>5</td>
<td>Inputs, Credit, Raw material</td>
<td>28.06.2011 4.30 p.m.</td>
<td>13.07.2011 11.00 a.m.</td>
<td>29.07.2011 3.00 p.m.</td>
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**VENUE:** THE COMMITTEE ROOM, O/O DC(H), MINISTRY OF TEXTILES, GOVT. OF INDIA

**WEST BLOCK-VII, R.K.PURAM, NEW DELHI**