

# FOR-PROFIT SOCIAL ENTREPRENEURSHIP FOR ART AND CRAFT ECOSYSTEMS IN **INDIA**

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### 1) Overview of the Indian art and craft ecosystem

India's crafts is as diverse as its populace. But just as the idea of India, craft has a diverse universe of opinions on what constitutes craft. Handicrafts are handmade products that are intricately prepared using simple tools instead of machines. They are an artistic representation of a culture or tradition and require intense concentration during production. They are generally made by communities that carry legacy skills and largely use materials, such as wood, beads, textiles, sheet metal, river stone, natural fiber, wrought iron, horn and bone, and ceramics

#### Defining what is craft

- 1) [countable, uncountable] an activity involving a special skill at making things with your hands

-Oxford Learner's Dictionaries

- 2) Products that are produced by artisans, either completely by hand or with the help of hand-tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product... The special

nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, religiously and socially symbolic and significant.

-UNESCO

- 3) The panorama of Indian crafts is a patchwork quilt of many hues and shades of meaning, reflective of interactions with social, economic, cultural and religious forces. And the craft world is full of contrasts, a universe of utility products and sacred objects, articles for ritual use and ephemeral festival crafts, representing many levels of refinement- from the simplest to the most technically advanced. Likewise there are many perceptions of the term `craftsman`, ranging from a manual labourer to a worker of high artistic excellence. Craft, then, is situated in a complex milieu, a dense matrix of many strands and Elements.

-Aditi Ranjan and M.P. Ranjan, Handmade in India

#### Interview with Dr.Toolika Gupta, Director (IICD- Indian Institute of Crafts & Design)

India has had a long history of handicrafts and till the last 50 years or so, they were all sustainable. Colonialism is a glaring example of India's handicraft businesses.

Post-independence much impetus was given to industrial design, as it was the need of the hour and unfortunately, crafts were ignored as slow processes and objects of the drawing room. They were only supported with subsidies and were treated like children with disabilities. In current times, India has begun to realize the potential of its crafts sector and the need to leverage this Craft Sector for providing sustainable products, employment and a decent lifestyle for people of all economic backgrounds, by identifying and filling –in the design and market gap. Crafts are not thought of as mainstream –there are policies being made and money being spent on them but no monitoring of quality, design and possible market interventions are being thought of at a larger scale. People who work in the craft sector, need proper guidance to take their businesses forward. This is due to the lack of educational set-ups that address the craft sector. Also once the products are made by 'Craft-Cluster Initiatives' of Design Schools, the market opportunities are not many and thus it still remains a problem. In today's age when mass production of goods made by non-biodegradable materials is a threat to the environment, a slight change in the raw material is more desirable.

We need to focus also on the waste products that are used as raw materials for newer objects of use. This waste material can be processed and used as raw material by the craft communities living nearby. Practically the two most important factors here are design intervention and market intervention:

- 1) Design intervention – to help them create meaningful and consumable products that will be bought by the people for utility instead of consuming articles with high adverse global impact.
- 2) Market intervention - to help them get visibility in the main market and to give them a platform to sell these products.

## Market Sizing

The global handicrafts market size reached US\$ 752.2 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 1,296.6 Billion by 2028, exhibiting a growth rate (CAGR) of 9.1% during 2023-2028, according to the latest report by IMARC Group.

As handicrafts require low capital investments, provide employment opportunities to artisans and act as a prominent means for foreign exchange revenue, they play a pivotal role in the overall growth of an economy. Besides this, they are also perceived as a status symbol for consumers, on account of their quality and uniqueness.

## Market Trends

One of the key factors bolstering the handicrafts market growth is the escalating demand for handmade decor items, especially in homes, offices, restaurants and other commercial places. In line with this, the burgeoning e-commerce sector, in confluence with the proliferation of various online retail channels, is also boosting the sales of handicrafts across the globe. Apart from this, the flourishing travel and tourism sector is offering opportunities to local artisans to prepare commoditized products and selling them to tourists who are willing to spend on souvenirs and other craft items.

Furthermore, unlike machine-made products that involve the utilization of electricity and other fuels, handicrafts have low energy requirements, which is anticipated to contribute to the

market growth in the coming years. Looking forward, the market is expected to continue its moderate growth during the next five years

## Key Stakeholders

Many countries have retained the world's most ancient craft by building an ecosystem. India has the potential to build a craft ecosystem, with all its stakeholders who can preserve and develop 'Crafts of India', these stakeholders are;

- 1) Government
- 2) People of India
- 3) Organisations/NGO's/Trust/Institutions supporting craft sector
- 4) Industry
- 5) Craftsperson/Artisan who practice them

Interestingly, the point of interaction between few/all has huge limitation, and so is the perception of Craft of India by each stakeholder.

**Government** perceives this as a social and rural activity, hence, like other industries it has so far not been given a significant economic status despite being the 2nd largest employment providing sector in the country. The Crafts are also not seen as 'intellectual' or 'skill' segment that lends a chapter in school textbooks, taught as an eminent subject or being imparted as important skills in schools & colleges. Therefore, not as an education or career segment, not part of economic activity, Crafts have unfortunately found no reason to be part of the important national policy of the Government of India since its independence. The body of work that has been done so far is limited to the national contributions made by Kamladevi Chattopadhey & few others, who thought Crafts, could be subjects of National Importance and hence formation of CCIE, Crafts Museum, Craft Council of India and she has been the driving force behind the renaissance of Indian handicrafts, hand looms in independent India; and for upliftment of the socio-economic standard of Indian women by pioneering the co-operation.

Also, the new census is required to be mapped for the Crafts Sector, at the moment only few clusters of India have got prominence, however, the Craft Sector entails almost all India footprints with various kinds of products & services. That needs to be mapped and integrated so that there is a unified list and equal opportunity for all kinds & levels of Craft Forms.

Coming to the next stakeholder, '**People of India**', one of key phenomena that gripped the world post industrial revolution is migration of the workforce from rural/non-urban centers to cities, resulting in loss of identity and birth of 'cosmopolitan culture'. The migration resulted in net loss of indigenous culture, and over period of time, the generation over generation lost touch with their roots, and the latest generation may not identify with things, idioms, culture, stories that their forefathers left behind, creating a huge vacuum between the Indigenous culture and modern & gen-next population living in cities today. This phenomenon resulted in 'new lifestyle', and hence goods produced by the craftsman/artisan could not link up to the sensibility that these 'modern consumers' seek for, be it brand, aspiration, products, lifestyle. They have emerged as global citizens having a flare for everything but not loyal to specific things.

The third stakeholders are the **Organisations/NGOs/Trust/Institutions** who have been working with Craft Sector, have been working back-end and as part of the government's initiative to create self-sustenance and rural upliftment. However, they have forgotten in the process that if the economic development doesn't link with Craft Sector it would see a natural extinction, and as data show, and as per UNDP, around 40% of artisans have become daily wage labor in last 30-years, which is alarming, and imagine the kind of rare skill loss that India must have witnessed through such phase of transition. This approach is called a backward-looking approach where one totally delinks with changing market & world, and hence lack of demand forces artisans and craftspeople to quit and look for something where at least they get regular wages.

The fourth stakeholder is **Industry**; this has been very tricky in India's growth story. Most of the industry has always looked western influences, and forgotten what as a principle can be drawn from indigenous manufacturing or hand-made ecosystem. Perhaps this is what has been happening with whole world post industrial revolution, still industry has always ways & means to connect tradition & modernity. In India most of industry doesn't work with traditional crafts or craftspeople, they work with engineering, technology, and other formats of mass production of goods & services. India has been largest agrarian economy, then manufacturing, in last few decades service sector had overtaken manufacturing, and in last two decades it has been driven by knowledge economy. However, as predicted by most of the world, the economic model is moving towards innovation driven "Creative economy". In all this transition, Crafts have found hardly few takers to integrate and evolve indigenous products into modern industrial interface.

The last stakeholders are the **artisans**, like everyone they also needed to be evolved and grow into natural streams. However, they have evolved into 'hybrid' skills, and today lost touch with

authentic knowledge of doing crafts, or their community lost interest due to this sector being both financially or emotionally rewarding, resulting in net loss of people practicing these crafts from generation to generation. It is also that with the changing world their tools, techniques, insights, market intelligence etc. could not evolve the way other sectors grew.

## 2) Key for-profit social enterprises in India that are using market driven models to create impact

### Amul



Verghese Kurien and Tribhuvandas Kishibhai Patel founded Amul.

Amul is a cooperative brand managed by a cooperative body, the Gujarat Co-operative Milk Marketing Federation Ltd (GCMMF). Today, **it is jointly owned by 36 lakh milk producers** in Gujarat, and the apex body of 13 District Milk Unions spread across 13,000 villages of Gujarat.

Amul's revenue stood at INR 38,550 crores (US\$5.4 billion) in 2020. The Amul Federation has accomplished a compound yearly development pace of over 17.5% for as long as nine years because of higher milk obtainment, extension in business sectors, and the dispatch of new items.

Amul cooperative was registered on 19 December 1946 as a reaction to the exploitation of local milk producers by the dealers and the agents of the main dairy of that time, the Polson dairy. The price of milk was randomly determined. The government had given monopolistic rights to Polson to collect milk from Kaira dairy farmers and supply it to the city of Mumbai.

Agitated by this treatment, the farmers of Kaira approached Sardar Vallabhbhai Patel under the administration of their leader Tribhuvandas K. Patel. Sardar Patel advised them to frame an organization, i.e. Kaira District Co-usable Milk Producers' Union (KDCMPUL), and supply milk directly to the Bombay Milk Scheme rather than relying on Polson. Milk collection was decentralized as most of the makers were minor farmers who could provide 1–2 liters of milk each day. Cooperatives were framed for every town.

Over the last five and a half decades, dairy cooperatives in Gujarat have created an economic network that links more than 3.1 million village-manufactured milk products with millions of consumers in India.

Two key factors that led to this massive impact

- First, that continued development for the long haul would rely upon coordinating free market activity. It would require an overwhelming interest in the synchronous advancement of providers and customers.
- Second, the powerful administration of the system and business feasibility would require proficient administrators and technocrats.

### **The Three-tier Model of Amul**

Amul is a brilliant organization that works with simplicity yet perfection. It follows a three-step process where each body functions effectively. The three tiers include:

- Village Dairy Cooperative Society - Each manufacturer is a part of the village dairy cooperative society that is a community for manufactures.
- District Milk Unions - Village Dairy Cooperative Society members elect their representatives who together form District Milk Union.



- State Milk Federation - This federation is responsible for the distribution and selling of products in the market.

### **The strategy**

Amul as the Umbrella Brand- The system pursues an umbrella marking technique. Amul is the basic brand for most item classifications created by different associations: fluid milk, milk powders, margarine, ghee, cheddar, cocoa items, desserts, frozen yogurt, and consolidated milk. Amul's sub-brands incorporate variations, for example, Amulspray, Amulspree, Amulya, and Nutramul.

Amul's Development of Product- Amul's item improvement was driven both by the soul of the cooperative framework and productivity. Being a farmers' cooperative, Amul was focused on purchasing all the milk offered by the former. The transitory idea of milk made it important for Amul to process the surplus milk and enter new item classifications as the generation expanded.

Amul stands as a distinct success story of a market driven social experiment in India

## Jaipur Rugs



Jaipur Rugs is one of India's largest manufacturers of hand knotted rugs. Headquartered in Jaipur, India, the company's operations encompass more than branches, operating in six states and 600 villages in India with distribution to over 40 countries with its **independent base of over 40,000 artisans.**

The Jaipur Rugs business of today is the culmination of deeply held core values and a clear vision spanning 40 years. The decades have been devoted to an insurgent's mission to develop the innate potential of people residing at the base of the pyramid, and reveal it to those at the top. Since its earliest days, frontline heroes who lived through thick and thin with the founder,

Mr. NK Chaudhary, participated in an organic governance strategy built on a bedrock of values like love, compassion, and empathy.

The dedication to democratizing the supply chain had humble beginnings. Starting with two looms, nine artisans, 200 dollars, one visionary, and one idea, the enterprise has inspired an industry and has nurtured and sustained 40,000 artisans and their families. Raised in a conservative setting, Chaudhary often wondered why societal norms separate humans into castes and classes, and why people are measured based on wealth and not talent. He had the vision and drive to break those shackles and empower the communities.

Jaipur Rugs strives to connect the stories and craftsmanship of its weavers with the dreams and emotions of end consumers. The business seeks to minimize middlemen in order to ensure fair wages to weavers and connect them with consumers. Whenever a consumer purchases one of these rugs, they gain not only a piece of art on which to walk, but also a weaver's story, reviving the once disappearing craft of carpet weaving and bringing dignity to the crafter.

Since its inception in 1978, the business has pursued an inclusive socio-economic model that seeks to empower grassroots artisans and preserve traditions of craftsmanship. Concentrating predominantly on women, the model supports the socio-economic growth of individual artisans, the impact of which ripples throughout marginalized communities. The supply chain that emerged from this model has strengthened the bonds between all stakeholders, from local artisans to the global customer base. It is now the largest global exporter of hand-knotted rugs with a producer base of over 40,000 artisans, 85 percent of whom are women representing the most under-served castes and tribes in India.

Through the Jaipur Rugs Foundation, socially excluded women and girls now have a platform from which to speak out for equal rights in the economic system. Weavers also have access to professional development opportunities to take greater ownership and control of their lives. This focus on capacity building provides a social security net that reduces vulnerabilities of a society previously dependent upon farming. In India, approximately 70 percent of the population is still dependent upon agriculture for their livelihood. Seasonal in nature, the insecurity of farming has been further exacerbated by increasingly volatile weather patterns; the poorest, most vulnerable suffer the worst. Rug weaving is an alternative livelihood option, and one particularly well suited, and accepted, for women.

Capacity building starts with the Alternative Education Program, where these uneducated women learn basic reading and writing, mathematics and basic calculation skills related to their work, financial literacy, and life skills. Upon completion of basic education, they are introduced

to the grassroots leadership development program, weaver engagement program, and young women social entrepreneurship development program to develop entrepreneurial leadership skills, which include an understanding of zero-waste production, supply chain, and essential customer satisfaction, such as on-time delivery.

In rural India, women have grown accustomed to disadvantages. The status quo must be challenged in order to tackle the root causes of these constraints. To start, change agents must recognize and respect women's financial independence in order to inspire the rest of the community to do the same. Women helping to alleviate a family's financial pressures instill a sense of shared responsibility, shared dignity, and a shared voice. With formal work, these women feel empowered to make family decisions, access market information, take initiative in the efficient management of work, and most importantly, sharpen their leadership and management skills.

The enterprise has achieved the blessings and recognition of 'modern Gurus' and thought leaders through three simple innovations:

Engage—Successful and profitable vertical integration is made possible by including and empowering women as local production managers in the rural communities where products are made.

Develop—Hiring women for management roles makes good business sense, as they have the experience, expertise, and connections to the community. In the process, this practice can influence powerful cultural norms.

Sustain—Jaipur Rugs offers a whole-spectrum experience to its stakeholders. For example, customers can learn about the weavers who made, or will make their rug. They are also encouraged to share a photograph of the finished rug in their home. Customers are also welcome to engage. These innovations generate financial, social, and community prosperity for everyone in the system, for a broad social impact.

With every knot, Jaipur Rugs and Chaudhary are weaving a new cultural fabric of inclusive prosperity. The business is contributing to the beauty of this world by nurturing independent women, who weave unique rugs that beautify homes around the world, and allows them to sustain their own.

With the two examples above we can clearly see that social and economic problems faced by the bottom of the pyramid can be addressed through effective and innovative market driven business models.

### 3) Analysis of business models of art and craft enterprises

#### Amul

Amul has a cooperative society model. It is a model where people get together and pool resources to grow in the market. The people who pool in the resources are members of this society. They take care of the finances, resources, and operations of this cooperative society. The business model focuses on affordable prices for consumers, keeping in mind the interests of farmers. Let us dive into it.

The business model focuses on affordable prices for consumers, keeping in mind the interests of farmers.

First Tier – The first tier consists of the farmers from the villages who are a part of the Village Dairy Cooperative Society. All the villages in a particular State select their representatives who represent their village in the District Milk Unions. The Village Dairy Cooperative society is the First-tier in this Business Model.

Second Tier – The second tier consists of the representatives that the Village Society selects. These representatives then together manage the District Milk Union. These Unions take care of the milk and the milk products and are responsible for processing these products. After processing the products, they sell these products to the State Milk Federation.

Third Tier – The third tier of this model is the State Milk Federation. State Milk Federation sells the processed products that they receive from the District Milk Union and acts as a distributor and facilitates the selling of the products in the market. The revenue that is earned is distributed downwards in a similar fashion.

Marketing Strategies of Amul- Amul has a very wide range of products catering to the needs of all age groups, genders, and professions. The list of products which Amul sells is Amul Milk, Bread spreads (Amul butter, Amul Lite, delicious table margarine, unsalted butter, garlic butter), Amul Cheese, Amul Beverages (Amul kool flavored milk, Amul Masti buttermilk), Amul Ice cream and other dairy products.

#### The Brand

Amul promotes all its products under one brand name i.e., 'AMUL'. This provides the company better brand visibility and reduces its advertising costs. The reputation of the brand name has

been impeccable through the decades and still, its reputation is similar to when Amul came into the market decades ago.

### **Pricing Strategy**

As we saw, Amul caters its products to every segment of the society, be it kids, adults, senior citizens, rich, poor, all the segments of the society. It has always catered even to the economic segments without any compromise in its products. Products that cover a huge market segment and are used daily are tried and provided at an affordable price without any compromise in the products, hence giving them an advantage over their competitors.

### **Advertising Campaign**

One of the biggest marketing strategies that helped Amul gain success is its advertising campaign. Amul got its name in the Guinness World Record for the longest-ever advertising campaign. The Amul-girl, the cartoon figure, is used by the company to promote its brand. Their advertisements are related to the recent and trending events happening all over the world with a bit of sarcasm and humor.

It is a classic example that shows how the benefits trickle down from the market and right to the producer who is at the bottom of the Pyramid.

## **Jaipur Rugs**

Challenges faced by the communities

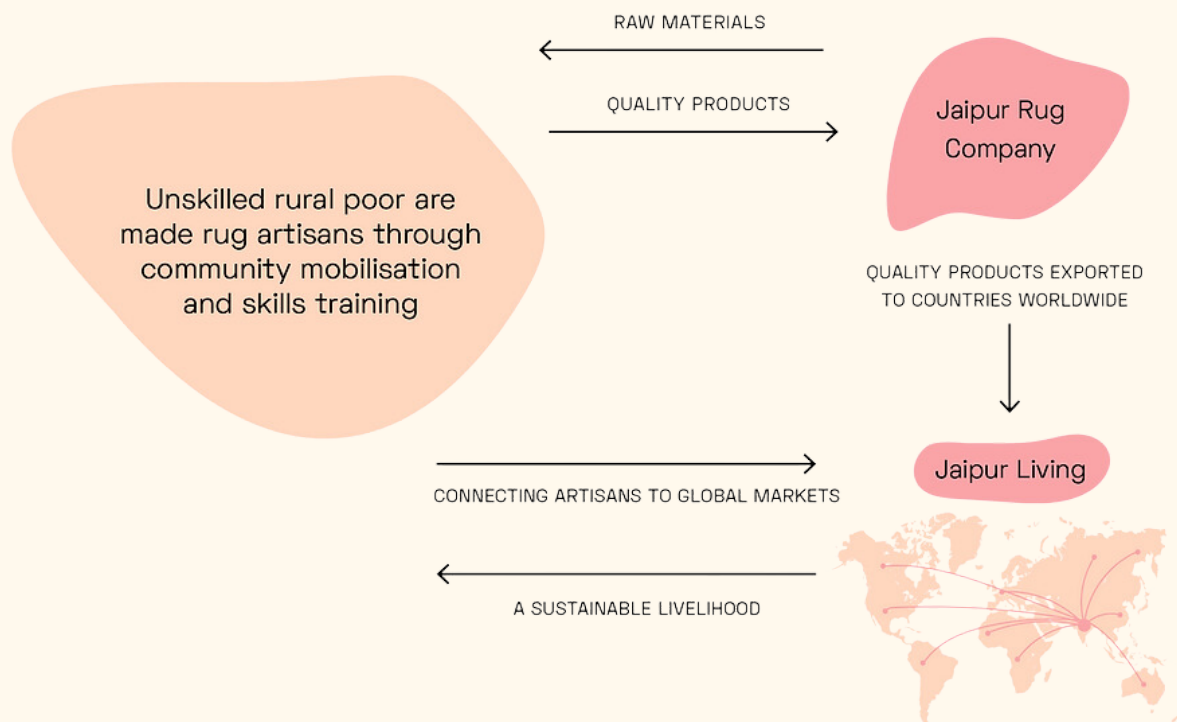
- 1) Weavers belonged to the 'untouchable' caste; denied dignified livelihood opportunities
- 2) Middlemen routinely deprived artisans of fair wages
- 3) Lack of opportunities for women to become socially and financially empowered
- 4) Lack of understanding of quality, design, processes and technology affected standardization of handmade products
- 5) Lack of access to upskilling and relevant growth opportunities for creative communities
- 6) Lack of informed feedback loops led to resistance from the communities to new approaches

All of the problems seem more of the nature that the government should tackle and should not be dealt with for formal enterprises but N K Chaudhary created a model that not only tackled all of the above challenges but made it a thriving enterprise built on modern principles of business.

### A unique business model

Chaudhary adopted an audaciously different approach that challenged the status quo - weaving together doorstep entrepreneurship with social-economic development.

Decentralized business models are the key themes for such businesses when we studied thriving enterprises in this space ranging from Amul to FabIndia.



- Building decentralized workforce- Enable marginalized creative communities to work from home to encourage their participation in labor markets.
- Competitive and Timely Wages- Pay weavers on time (monthly), fairly (without deductions as the middlemen were famous for doing), and 2x what they were making previously.
- Investment in well-being- Recognise and encourage an artisan's creative potential and support them with necessary materials, education, and healthcare.



- Bottom-up approaches- The company directly employs only 700+ people, yet influences 40,000+ artisans who act as entrepreneurs and contractors.
- Focus on the B2C global market- Focus on partnerships, design-led innovation and robust storytelling.
- Reducing capital intensity- By using contractors for its manufacturing operations, they convert fixed costs into variable costs.

Jaipur Rugs offers a unique understanding of how crafts are a fundamental component of a healthy community – strengthening them socially, educationally & economically.

**The model is an extraordinary example of a creativity-led business that effectively marries profit with purpose.**

Villagers often refer to Chaudhary as the Gandhi of the rug industry, an honor he considers the highest form of respect he can receive.

## 4) Market trends in fashion and lifestyle markets across the world

- Fashion system:
  - Direct-to-consumer reckoning. Although brands across price segments and categories have embraced digital direct-to-consumer channels, mounting digital marketing costs and e-commerce readjustments have put the viability of the model into question. To grow, brands will likely need to diversify their channel mix, including wholesale and third-party marketplaces, alongside direct-to-consumer models.
  - Tackling greenwashing. As the industry continues to grapple with its damaging environmental and social impact, consumers, regulators, and other stakeholders may increasingly scrutinize how brands communicate about their sustainability credentials. If brands are to avoid greenwashing, they must show that they are making meaningful and credible change while abiding by emerging regulatory requirements. Craft industry is well positioned to address these concerns head on. A focus needs to be on strong storytelling and communication.
  - Future-proofing manufacturing. Continued disruptions in supply chains are a catalyst for a reconfiguration of global production. Textile manufacturers can create new supply chain models based around vertical integration, nearshoring, and small-batch production, enabled by enhanced digitization. In this respect as well we have seen that craft brands are largely decentralized, a model that can be nimble and show faster adoption to the new market needs.
  - Digital marketing reloaded. Recent data rules are spurring a new chapter for digital marketing as customer targeting becomes less effective and more costly. Brands will need to embrace creative campaigns and new channels, such as retail media networks and the metaverse, to achieve greater ROI on marketing spend and to gather valuable first-party data that can be leveraged to deepen customer relationships.
  - Organization overhaul. Successful execution of strategies in 2023 will in part hinge on a company's alignment around key functions. Fashion executives need

a new vision for what the organization of the future will require, focusing on attracting and retaining top talent, as well as on elevating teams and critical C-suite roles to execute on priorities such as sustainability and digital acceleration.

- Consumer shifts:
  - Two-track spending. Consumers may be affected differently by the potential economic turbulence in 2023. Depending on factors such as disposable income level, some will postpone or curtail discretionary purchases; others will seek out bargains, increasing the demand for resale, rental, and off-price products. Fashion executives should adapt their business models to protect customer loyalty and avoid diluting their brands. From a craft viewpoint it will be important to create products that are used in the day to day which can keep the demand curve strong.
  - Fluid fashion. Gender-fluid fashion is gaining greater traction amid changing consumer attitudes toward gender identity and expression. For many brands and retailers, the blurring of the lines between men's wear and women's wear will require rethinking their product design, marketing, and in-store and digital shopping experiences.
  - Formal wear reinvented. Formal attire is taking on new definitions as shoppers rethink how they dress for work, weddings, and other occasions. While offices and events will likely become more casual, special occasions may be dominated by statement-making outfits that consumers rent or buy to stand out when they do decide to dress up.

## How can craft and art industries in India use these trends to drive growth?

- **Decentralized models**
  - As we have seen all successful craft models are inherently built on the idea of decentralization. This enables companies to be nimble and quickly adapt to the fast changing market trends.
- **Nimble Supply Chain**
  - The supply chain across craft enterprises can be tweaked immediately as it does not follow large scale manufacturing models which are inherently difficult to alter in a short period of time
- **Inherently Sustainable**
  - Artisan bases across India have practiced sustainable methods of production and usage of raw materials for centuries and this is the best time for them to ride the wave of sustainability that the markets around the world are craving for. It has the potential to satisfy the needs of the new trend.
- **Tap into Conscious Fashion movement**
  - The new generation of consumers want to buy brands and products that have a strong sense of purpose and are sustainable at the same time. Craft brands across India and the world can leverage this to tap into the new consumer base and create widespread impact for the bottom of the pyramid.

# Thank you!

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