

# Creative Industries

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Need creative intervention

23 DEC 2011

# The Creative Industry

60 million skilled artisans, spread across 6 lakh villages

Economic contribution Rs. 21000 Cr ,  
17% to export earnings, 4% to GDP in Year 2011

Targets Rs. 60,000 Cr by end of 12th plan - 2018

# However

Income levels stagnant

Emphasis on school education does not acknowledge traditional methods of learning... as crucial skills for economic growth

# However

Artisans seeking seemingly more lucrative avenues

Most prominent rural development schemes not sufficiently recognizing the sector e.g. MNREGA, credit agencies (NABARD (SIDBI)

# Result

Almost 60% of the global industries work force account for only 2% of the global market share in creative industries

# When

India is the world's fastest growing organized retail market

India's focus to be custom manufacturing in 12th plan

World's largest green/low carbon footprint production base

Breathtakingly vast and rich creative, design foundation

As a global demand trend, sustainability is in and here to stay!

# Our View

Creative Industries being viewed, treated and promoted from the lens of niche culture... and not like a socio-economic force, a desirable lifestyle

The attempt is to preserve rather than grow demand...  
make delivery modern

# Our View

Growth placed singularly on the shoulders of non-equitable export oriented private sector, state owned actors or craft bazaars

Sidelining of the sector away from MSME and growing it from within the Ministry of Textiles, where both Handlooms / Handicrafts don't really fit it... for reasons of scale / production process



# In Sum

Neither the demand or the supply side seeing any visible signs of innovation/ organization/ creativity

# The Proposed Creative Intervention

Can a dispersed, diverse and fragmented group of people converge under one umbrella?

Can we build the  
**CREATIVE, MICRO & FAMILY ENTERPRISE  
NETWORK (CMFE)?**

# The Proposed Creative Intervention

That is an eco-system where parts of the value chain are incubated, capital deployed in an equitable fashion so that they fit into one another

Where the digital age can provide a set of tools for decentralized pieces to fit together for demand fulfillment

In short, **MACRO MANAGEMENT OF MICRO ENTERPRISES,  
NETWORKED FOR DEMAND AND SUPPLY**

# Creative Industry - A Mainstream Lifestyle

CREATIVE INDUSTRY NOT COMMODITY OR NICHE  
CULTURE... BUT PART OF A DESIRABLE MAINSTREAM...  
BOTH for Producers/ Consumers

# The Challenge

Need version islands to come together and work under a common banner, group:

Office of DC Handicrafts/DC Handlooms verticals-Cluster, R&D, HRD, Welfare, Marketing, Design and Tech. Poor networking between schemes, not demand led but NGO/IA led, super slow implementation, multi window approach

# The Challenge

Min of Textiles - Mega Cluster scheme- PPP model, better than above but for larger scale, Textile park- First handloom park failed

MORD, SGSY – DRDA

MSME

KVIC

# The Challenge

ILFS- Cluster Development Initiative, consultancy to navigate the above web of schemes

NSDC- First government funded social fund, investing in skill building social enterprises, applicable to handicrafts skill building

Credit agencies- NABARD, SIDBI- poor focus on this sector

# Building a Modern Value Chain

Customer– Most important member of value chain start with Customers Shopping basket/wallet size- Aspirational and need fulfillment (BRAND)--Shopping convenience, availability in malls, high street, internet, needs product quality, product design- pays Rs100 for final product



# Building a Modern Value Chain

Consolidator/Exporter/Trader/Corporation---- Warehouses, provides working capital to micro producers, assembles, finishes, checks for quality, packs, despatches, In case of domestic value chains, additionally plans merchandise, designs. Pays Rs.30-70 for final product. This includes raw material and production overheads

# Building a Modern Value Chain

On domestic sales GOI takes between Rs 12-Rs18 on lifestyle products, which are the main growth sectors- furniture, leather accessories, lamps as VAT , CST, Excise

The producer at grassroots level usually receives the minimum, as the consolidator /trader/exporter again buys from a sub-contractor, who invests some WC. Grassroot producers usually receive Rs. 5 - 10 as wage on a product sold at Rs. 100

# Building a Modern Value Chain

Results in less than minimum wage/ MNREGA wage, in a sector that is 90% unorganised, 50% of which is a female work force

Will result in deskilling on a massive scale

# Value Chain 2.0

In the targeted 12th Plan, for Handicraft and Handloom, the proposed development budget jointly is Rs. 15,000 crores

On the projected Rs. 60,000 cr of sales for last year of the 12th Plan, 6 million people would receive work at Rs. 30,000 annual income, on a very efficient value chain calculation that delivers Rs. 30 to the artisan on every Rs. 100 of sale

# Value Chain 2.0

This is only 10% of the total estimated artisanal population.  
In actuality it would be much less

# Successful Prototypes / Partnerships

Social enterprise models , wherein producers have shareholding in brands/ enterprises, need to be incubated. ( eg, Mother Earth, Fab India, Lijjat Papad)

Sector specific social investment funds, focusing on livelihoods with focus on short value chains with at least 4th of value accruing to producer need of the hour. ( such as NSDC)

# Successful Prototypes / Partnerships

50 consumer brands in fashion and lifestyle each targeting 1000 crores worth of sales in the next 5/10 years, need to be incubated, for Indian and global markets, via social enterprises, incubated by social funds

Partnerships with leading retailers to be built via these brands- Future Group, Tata Group, Reliance Group, Aditya Birla Group, Bharti Group, to be the pull to the schemes that DCHL and DCHC build and clusters they develop

# Successful Prototypes / Partnerships

For artisanal incomes to increase they need to be moved up the value chain, they need to become shareholders in wealth creation , based on issues of IP, within the sector. Knowledge has been passed on within communities for generations and this needs to be respected



# Delivery Mechanisms

Delivery mechanisms in other countries can be studied and built on CHINA, THAILAND, VIETNAM

Above studied in detail in Frost and Sullivan report, Creative Industries report on 20 countries by ITC, UNCTAD

# Delivery Mechanisms

Equity for artisans is unique to India and modeled on AMUL, needs to be scaled, to become global best practise

Model has been awarded the Schwab Social Enterprise of the Year Award, 2011, by Schwab Foundation, founder WEF

# Looking Ahead

The prospective opening up of FDI in retail offers an opportunity for the sector

In apparel/fashion, textile home furnishings, furniture, home accessories, décor and gifts, personal accessories, such as bags , wallets, value added ethnic foods, impetus to foreign investors must be given to build these supply chains along with those in main stream food, building linkages to cluster schemes that GOI is investing in, in this sector

# Looking Ahead

Precious tax payer funds cannot be wasted on cluster development which is not market linked with firm market linkages and not just bazaars and haats

Excessive bazaars and haats are lowering the brand image of this sector, and market linkages in the hands of government institutions has so far been responsible for the degrowth of the sector

# In Conclusion

We believe that where micro finance may have failed to deliver, the CREATIVE, MICRO & FAMILY ENTERPRISE CAN?

Thank You