

BDS market

for

Leather Artisans in India



EDA Rural Systems Pvt Ltd

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Visual presentation of the sub-sector



Vision or goal of the programme

- ◆ Increase the incomes of the leather artisans by enabling them to access customised BDS for their enterprises
- ◆ Ensuring the development of a BDS market where services are provided by local entrepreneurs



Ultimate target clients

- ◆ Leather artisans at the bottom level of the Indian social caste structure - **monthly income US\$30-40**
- ◆ Undertake *jooti* (slip-on shoe) making and also leather goods production but in a very limited way
- ◆ **More than 90% artisans live in rural areas** – the project area is drought prone, lacks most basic amenities like health and education services and infrastructure



Context – BDS users

- ◆ Majority of the artisans **make *jootis* for rural population** – mainly handwork with the use of small tools (some use stitching machines); some make **better designed *jootis* (*mojaris*) for urban markets**
- ◆ Relatively **low level of business understanding** with artisans – however some are progressive and have a better exposure level and understanding
- ◆ Therefore, a need to **offer different services to different segments of artisans**
- ◆ Most **artisans travel to Jaipur city** for the purchase of required raw materials and the sale of finished products
- ◆ **A small number of artisans** travel to other cities including **Delhi** to sell their products



Objectives of BDS programme

Development of

- ◆ a practical & cost effective approach to promoting the BDS market for the leather artisans
- ◆ a commercial BDS market – market driven approach
- ◆ appropriate mechanisms for BDS delivery

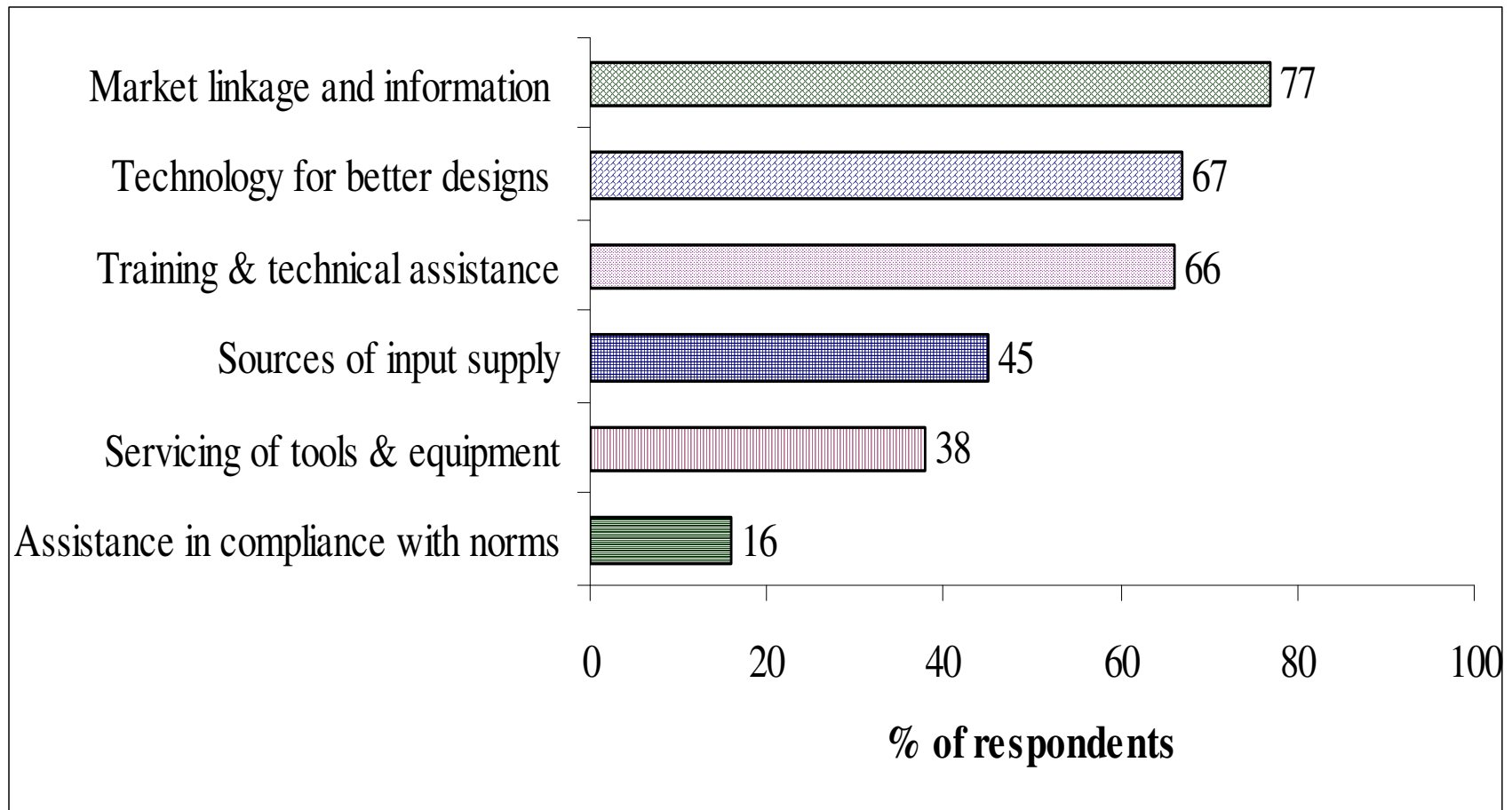


Phases in the BDS programme

- ◆ **Sub-sector analysis** – to understand the sub-sector and different stakeholders
- ◆ **BDS market assessment** – demand and supply assessment of BDS
- ◆ **Design of intervention strategies** – on the basis of findings from the BDS market assessment
- ◆ **Implementation of intervention strategies**



Demand levels of different BDS



BDS providers

- ◆ **Institutional suppliers** – Rural Non Farm Development Agency (RUDA), District Industries Centre (DIC), Khadi and Village Industries Commission (KVIC), Development Commissioner Handicrafts (DCH), NGOs – **prototype service provision; relatively low ability to be responsive**
- ◆ **Private suppliers** – Exporters, wholesalers and retailers of finished products, raw material and accessory suppliers, exhibition organisers, servicing centres for tools and equipment – **mostly commercial service provision**
- ◆ **Others** – Fellow artisans and relatives (on mutual and informal basis)



Forms of BDS provision

- ◆ **Stand alone** – mainly by institutional suppliers like **RUDA, DIC & KVIC** (training & technical assistance) but also by private suppliers for specific services like servicing of tools and equipment
- ◆ **Embedded** – mainly *by private suppliers* (forms part of main business transaction) – a wholesaler of *jootis* offering some design inputs to artisans
- ◆ **On the basis of informal relationships** – mainly by fellow artisans and relatives – design inputs, on job training and information on buyers, raw material sources & exhibitions/fairs **in a few cases**



Significant findings – BDS market

- ◆ **Institutional suppliers like RUDA, KVIC and DIC have limited outreach** both numerically and geographically – mainly due to lack of accessibility by artisans, limited fund availability with institutions, target driven approach to service provision
- ◆ Other suppliers too have limited outreach
- ◆ **Subsidy component involved** (to varying extents) in services like training provided by government institutions – they do not seem to realise that artisans can buy relevant BDS
- ◆ Some services like servicing of tools, cross services are **fee based and commercialised**
- ◆ **Presence of providers from the private sector** is relatively **low** except for servicing of tools and cross sector activities



Significant findings – BDS market...contd

- ◆ **Artisans with better understanding** and exposure to outside markets **value/demand BDS more** than their counterparts with low understanding and exposure (exhibition/fair and design related services)
- ◆ **Government programmes** seem to have played a role in **enhancing the understanding level** of artisans thereby enabling them to realise the importance of different BDS; but seem to have **created an environment of subsidy**
- ◆ A significant number of **artisans are willing to pay** for services like training, market linkage & information and technical support for better designs and new products



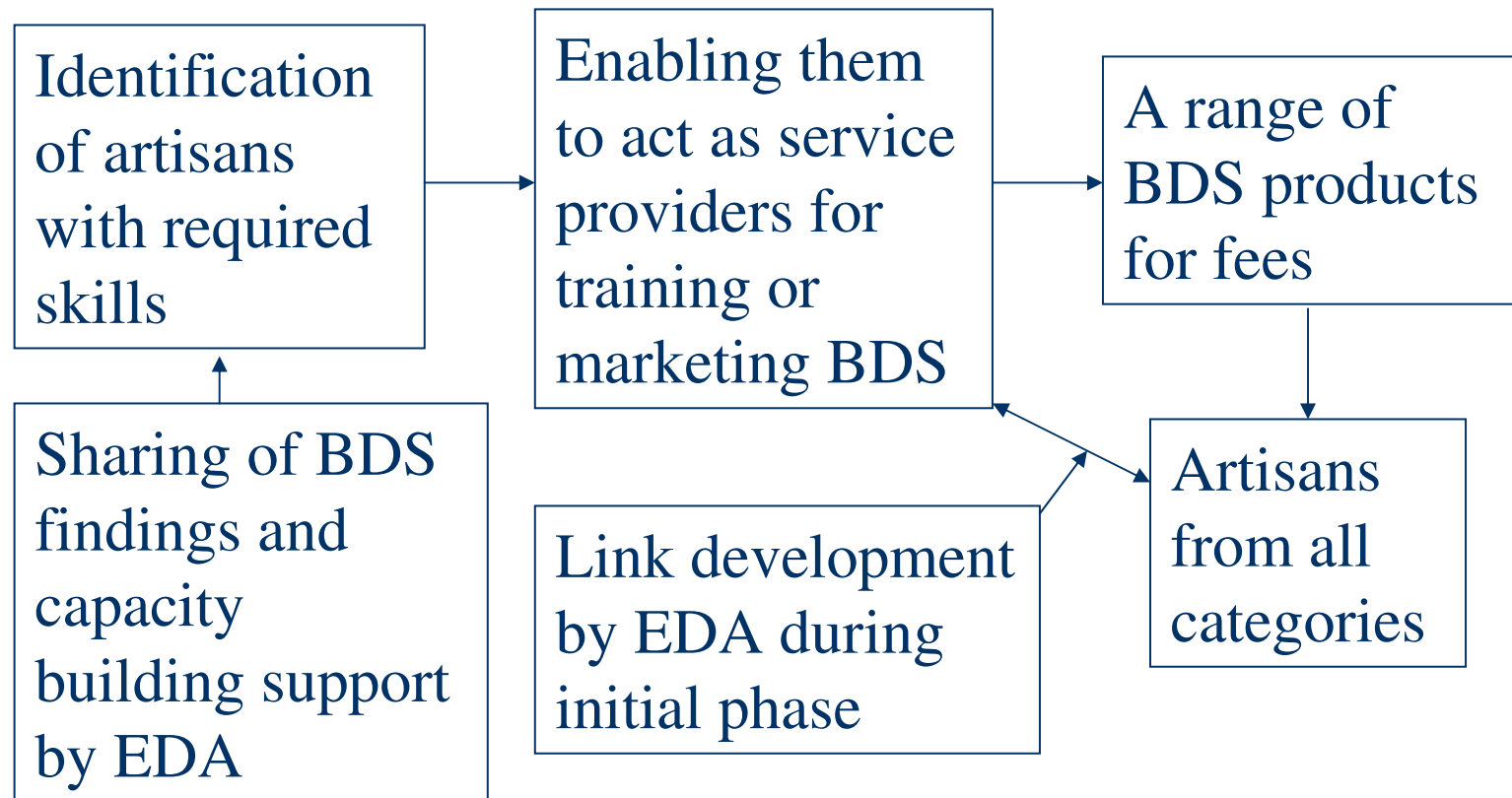
Intervention strategies

- ◆ **Focussing on those services with greater demand and critical** to their enterprises - training and technical assistance, market links and information, technology for better design and new products
- ◆ Exploration of **suitable intervention models** for BDS provision – should ensure that providers with potential need to bring low initial investments (an extension of the present activities); new approaches should ensure greater outreach; they should understand the artisans' community
- ◆ **Required capacity building support** to the identified BDS providers for respective BDS
- ◆ **Exploration of ways** to promote the BDS and to increase the outreach of BDS provision on the basis of learning in the process



Piloting of business models

Training and marketing related services



Limitations of commercial approach to BDS

- ◆ The continuing practice of government institutions in **subsidising the delivery of services acts as a barrier to potential providers** from the private sector (training services still being offered free of cost by RUDA, DIC)
- ◆ **Subsidised BDS provision** by various agencies **limits artisans from coming forward to pay fees** for such services (artisans expect that services would be free)
- ◆ **BDS market development** involving commercial transactions is a **slow process** as it involves a **paradigm shift from a subsidy-oriented environment to a commercial one** – however it seems to be a more sustainable strategy



Opportunities

- ◆ A good number of artisans **are willing to pay full costs** for right kind of BDS (training and market related services)—this offers a good opportunity to BDS providers from the private sector
- ◆ A good number of **artisans with potential** from the sector could be encouraged and **promoted** to offer BDS on a commercial basis – this is being done on a pilot basis by EDA to promote training and market related BDS
- ◆ Implementation of intervention strategies on a pilot basis indicates encouraging results so far – **artisans are buying services** (training and market related services) by paying fees; but initial focus is on those providers and artisans who can act as change agents for the sector



Opportunities...cont

- ◆ A good number of artisans have shifted to better designed *jooti* making from traditional *jooti* making after buying the training service – this offers them better profit margins
- ◆ Rural artisans **could be good clients** for BDS if **the utility** of such BDS **is demonstrated** to them
- ◆ The **efforts** of donors and government agencies need to be **coordinated** on the issue of subsidy for BDS provision – perhaps through policy advocacy or by redefining their roles in BDS market development or both



Evidence for scaling up ongoing initiatives

- ◆ **Promoted BDS providers have started taking more initiative** to sell their services and tap larger BDS markets – some providers have even made visits to districts other than EDA's project areas to sell their training services
- ◆ **EDA's capacity building support** to BDS providers is **gradually being reduced** to enable the providers to act **independently**
- ◆ **This is the first time that leather artisans have paid full costs for training services**; this is encouraging in the prevalent subsidy-oriented environment
- ◆ **Differentiated training products with flexible payment options** to suit requirements of all categories of artisans



Do's and Don'ts – field experience based

- ◆ **Utilise the existing market channels/players** wherever possible to deliver service either in stand alone or embedded forms
- ◆ **Use BDS assessment findings**, other relevant facts and own judgments **to explore intervention strategies**
- ◆ Make judgment to **reduce capacity building support gradually** to BDS providers to avoid the development of dependency syndrome
- ◆ **Share the BDS assessment findings** with potential BDS providers and **show the potential latent business opportunity** that small enterprises offer
- ◆ **Do not subsidise the cost of BDS** to the extent possible



Do's and Don'ts – field experience based

- ◆ **Use the funds prudently to expand the BDS market** rather than subsidising the cost of BDS – by involving more suppliers and BDS demand creation
- ◆ **Offer value added services** (like information on product buyers and raw material and accessory suppliers along with training related BDS)
- ◆ **Borrow relevant approaches from the private sector** to promote BDS and expand BDS market – for example, hire market/village agents on a commission basis to increase the outreach and penetration
- ◆ **Use available platforms to promote services** through pamphlets/brochures by highlighting service features (Jaipur *haat* where artisans come to buy raw materials and to sell finished products)



...let markets reign!

Thank You