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1.0 Background

India is an important supplier of handicrafts to the world market. Numerous artisans are engaged in craftwork on part-time basis making diverse crafts from pottery to baskets, stone ware, glass ware, hand made paper products and other utility items made of locally available material.

The industry provides employment to over six million artisans, which includes a large number of women and others belonging to weaker sections of society. In addition to the high potential for employment the sector is economically important from the point of low capital investment, high ratio of value addition, and high potential for export and foreign exchange earnings for the country. It also allows women to participate in their free time using tools they can well manage leading to supplemental income.

India accounts for only 2% of world trade in handicrafts. China has cornered 17% of world trade in the same sector through aggressive marketing and state assistance to the sector. They have also wholeheartedly embraced mechanisation where required and have realised the importance to compete effectively. Much of the work processes are mechanised to remove drudgery through small machines and appropriate technology and producers as well as officials supporting them are expected to ruthlessly gear themselves for rapid, low cost and efficient delivery.

The handicraft industry in Tripura represents the state of the Indian handicraft industry at large – much talent, workers, and ability but lacking the drive to meet needs of the market and grow. It is sustenance driven rather than growth driven. Many interventions like providing training and facilities have not resulted in giving the desired impetus to the industry mainly due to lack of sustained marketing efforts and low process efficiencies.

There have been success stories however reported by certain crafts in States like Gujarat, Rajasthan, MP etc. that have been achieved by focusing on single products, developing the product to meet needs of the new "lifestyle" market. this largely translates into gearing production to meet market demand, and selling through appropriate channels. Utility handicrafts offer an opportunity for Tripura to streamline and build upon.

2.0 Opportunity for Utility Handicrafts

In the post-industrialised world, with its multinational production and marketing systems, branded goods and similarity of products wherever they may be sold, the very non-standardised and multicultural nature of handicrafts provides a competitive and welcome contrast. Industry is merely the organised production of goods arising out of combined and systematised work of man with machine. Industrialisation has conventionally meant dominance of machine over man and of capital over labour.[1]

Crafts in contrast can be termed an industry where machine does not dominate and its very decentralized structure prevents the exploitation by a capitalist tycoon sitting far away, controlling production and people. Crafts, by their very nature, are not mass produced. But if people are working with their hands, albeit with the assistance of tools and machines, producing goods required in a wide market space, selling to make profits and thereby contributing to national wealth, crafts can be termed as a decentralised creative industry where human mind and hand is more important than small machines and tools they may use. There is, therefore, a world of industry without industrialization in the traditional sense, and there is both ample scope and need for this to come out of the disorganized, diminishing and low-end profile that it has been carrying for long. [2]

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[1] *Note on "Craft as Industry" by Jaya Jaitly*
[2] *Note on "Craft as Industry" by Jaya Jaitly*

Handicrafts are generally classified into two categories:

1. Articles of everyday use
2. Decorative items

The application of industrialised process by using mechanisation where possible, organising the suppliers and making products that can be mass marketed in the new “lifestyle” market could serve to change the industry from its present diffused state to a strong product focused state. Articles of everyday use or utility handicrafts lending themselves to this kind of process also need to fit with “lifestyle” needs.

Tripura with a variety of utility handicrafts like baskets, hangers, and screens of various designs can venture into the market by organising the local community to function as a creative unit making products beyond the scale at which they are operating currently.

2.1 Drivers for Demand in Utility Handicraft Sector

Urbanisation

Urbanisation has been proceeding at a rapid pace the world over especially in lesser-urbanised countries and is expected to accelerate in the future.

In India, growth of urban population during the past decade indicates a higher growth rate for metro cities. In 1947 the total population was close to 330 million with urban population forming about 14% of total population at that time. Presently it is in the region of roughly 33%. By the turn of century as many people will live in India’s urban areas as was the total population at the time of Independence half a century ago.

With economic liberalisation and expected higher economic growth, rate of urbanisation in India in coming decades is likely to increase. With its 6 mega cities (4 million+) and 23 metropolitan cities expected to increase to 40 by 2001 AD there will be an ever increasing demand for lifestyle products. There are also 300 large towns (0.1 million) and 3,396 medium and small towns (< 0.1 million population).

By 2021 it is expected that India will have 70 cities that are million plus as also 500 large towns (0.1 million) and 4,430 medium and small towns (< 0.1 million population), with a total of approximately 550 million people living in urban areas. This will put an unprecedented demand for growth of urban areas since by 2025 India’s urban population is expected to reach the 50 per cent mark.

Urban homes are becoming more lifestyle oriented and there is demand for using elegant looking products in the home environment.

More Population Growth in Metros

It is interesting to note that the population growth is more in cities that are big. About one-third of urban India (71 million) lives in metropolitan cities (million plus). Out of total increase in the country's urban population of 58 million between 1981 and 1991, 44 million were added to Class I cities alone. 28 million persons were added in metropolitan cities.

Homes in metros cities offer a sizable opportunity for daily use lifestyle products.

2.2 Opportunity for Bamboo based Utility Handicrafts

The global market for bamboo lifestyle accessories is growing owing to focus on environmentally sustainable products. Bamboo handicrafts products are already utilitarian in nature with numerous trays, baskets, curtains and screens. The modification required is more in terms of look so that they blend with glass and steel decor which is in vogue in today’s homes. Alternative methods of selling may also need to be explored rather than depending entirely on large format stores that are taking over the country by storm. This will encourage improved depth of distribution.

The traditional handicraft look conveys a low quality image to the consumer and ethnic style seems out of place in most Indian homes now. There exists a prevailing mindset that bamboo is a poor man's material, as a result of which buyers are not willing to pay higher prices. This forces artisans to produce goods of cheap lower quality which would be readily absorbed in the market than costlier products of fine quality.

Modern looking utility handicrafts is where the opportunity lies and can be exploited.

2.3 Size of Handicraft Industry

According to the National Census of Handicrafts, undertaken by the National Council for Applied Economic Research the value of handicrafts produced in year 1995-96 was Rs. 26,213 crore. According to the census, total number of units producing handicrafts was 12.66 lakhs, employing 41 lakh artisans with average size of a unit being 3.24 persons per unit.

The largest export market for Indian handicrafts is the United States. The Indian handicraft sector is showing an annual average growth rate of 8.5%. In US$ terms also this annual average growth rate is approximately around 4.74%.

2.3.1 Growth of the Industry

In the changing world scenario, craft products exported to various countries form a part of lifestyle products in international market. The impact is due to changing consumer taste and trends. Though the industry has recorded a healthy growth rate of 8.5% in year 2005, yet there exists ample scope to improve this further.

In view of this, it is high time that the Indian handicraft industry went into aspects of contemporary and changing designs, patterns, product development, improved production facilities for a variety of materials, technology, and related expertise to achieve faster growth by being competitive with other countries.

2.3.2 Organised vs. Unorganised

The Indian handicrafts industry is highly labour intensive home based industry. It is decentralised and spread all over the country in rural and urban areas. Consolidation of industry into a creatively managed work force is one of the major challenges for the growth and sustainability of the industry.

3.0 Supply Chain Mechanism – Elements in Supply Chain

The supply chain in the handicraft industry is long with many intermediaries involved. The artisans are working in a decentralised mode in villages. Their connection with the outside market is through a village level agent who in turn is linked with a second level agent at the rural *haat* or market. This chain of traders may have typically 3-5 levels before it reaches a distributor or buying house which sells to retail outlets.

However, with the demand for lifestyle products driving the market the process has been reversed of late. Designs demanded by market are developed and production is being equipped to gear towards these needs. This system calls for identification of entrepreneurs who can ensure timely production, quality control and packaging to be then sent to distributors. This would be the model most suited to address goals established by Tripura Bamboo Mission.

Supply Chain Needed for Addressing Lifestyle Product Needs

Identification of market opportunities

Prototype design and development / adaption and refinement

Test marketing

Upgrading equipping facilities

Securing inputs

Entrepreneurial hiring, training, managing

Production, quality control and packaging

Costing and pricing

Physical distribution

Market development

The organised retail boom in the country has led to new retailing formats making their appearance in the handicraft market too.

3.1 The Organised Retailing Boom

Retail sales for all types of products – food, apparel, home furnishing and lifestyle products and accessories, etc. amounted to about Rs. 7,400 billion in 2002, expanding at an average annual rate of 7% during the period 1999-2002. With upturn in economic growth during 2003, retail sales are also expected to expand at a higher pace of nearly 10%.

Sales through supermarkets and department stores are small compared to overall retail sales. However, their sales grew much more rapidly, about 30% per year during the review period. As a result, their sales almost tripled during this period. This high acceleration in sales through modern retail formats is expected to continue during next few years with the rapid growth in numbers of such outlets in response to higher earnings, consumer demand and resultant business potential.

3.2 Home accessories and household goods retailers

The home accessories and household goods retailing sector in India is dominated by small retailers currently, but there are lifestyle chains being set up by leading retailers targeting 40-60 stores in the next 2 years. HomeStop, @Home, Lifestyle, Shoppers Stop, Pantaloons (Big Bazaar) are leading lifestyle chains that have already set up retail stores in large formats in leading cities. This is a growing trend that presents an opportunity for new home accessory products to be showcased.

3.3 Future Growth in Organised Retail

Inevitably, modernisation of Indian retail sector will be reflected in rapid growth in sales from supermarkets, department stores and hypermarkets. This is because of growing preference of the affluent and upper middle classes for shopping at these types of retail stores, given the conveniences they offer such as shopping ambience, variety and a single-point source for purchase. Hence, sales from these large format stores are predicted to expand at growth rates ranging from 24% to 49% per year during the period 2003-2008.

3.4 The New Consumer for Utility Lifestyle Handicraft in Urban India

Low to mid level segment is where maximum demand is being generated. The market is being driven by end-user preferences. This can be seen as a positive sign for Mission's goals.

4.0 Handicraft Industry in Tripura – employment, volume & turnover

The traditional handicraft sector in Tripura is well established. Handicraft items from Tripura particularly those made of bamboo and rattan have a sizable domestic market. However, as the sector is non-mechanised and lacks standardisation, the quality control is lax. This has prevented natural and deserving growth of the sector leaving it to float around traditional moorings. There are more than 20,000 artisans in the State and almost 80% are involved in making bamboo based handicrafts such as screens, hand fans, small flower bouquet baskets, household utility items, mats etc.[3]

4.1 Purbasha

The Tripura Handloom and Handicrafts Development Corporation Ltd. venture "Purbasha" has contributed to giving a definitive direction to artisans of these clusters for better product quality and price. Purbasha is the single largest purchaser of quality materials in reasonable quantity in Tripura. In 2004-05, they sold handicrafts worth nearly Rs.125 lakh, over 98% of which was bamboo based. As an approximate estimate, total Tripura market of handicraft has been estimated at over Rs. 1,500 lakh. Prices of most products are guided by Purbasha price, i.e. in many products the traders pay 5% to 20% less than Purabasha's price by booking material with little advance or by paying cash considering Purbasha is not able to do so. Purbasha purchases the materials from the handicraft clusters on credit terms and has of late been slow in making payments.

4.2 Working Pattern Within Handicraft Industry

<u>BIJAYA BAMBOO & CANE INDUSTRY (KARAMCHARA)-SHG</u>

Bijaya Bamboo & Cane Industry (North Tripura) is an SHG having 13 members mainly manufacturing traditional handicrafts. They had received a grant of Rs.25,000/- from DRDA, out of which Rs.17,500/- has already been paid back. Each member of the SHG is saving Rs. 50/- per month in the SHG account. They have received training from CBTC in handicraft manufacture and there are another 4 similar kind of SHGs around the village.

They buy raw material from the local market and largely use Muli & Rupai bamboo for handicrafts. Each Rupai bamboo costs them around Rs.25/- including transportation cost while the Muli bamboo costs Rs. 4/- each with Rs. 10 for transportation for 100 poles by jeep bringing final cost to Rs. 4.10/piece.

For marketing of their products the SHG depend upon the local market, near by army camp and different fairs.

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[3] Inbar Tripura Mission Report

Till now SHG members are producing all kinds of traditional handicrafts with traditional designs though they have got the training from CBTC for handicrafts. Though they have potential to make all kinds of utility handicrafts they are not aware about market needs. The quality of workmanship though is of a high order as in most locations within Tripura.

Some of their handicrafts are:

Handicraft Items	**Price per piece (Rs)**
Mayur	40-60/-
Pen Stand	20/-
Chudi Stand	25/-
Candle Stand	15-25/-
Calender made of fine mats	40-60/-
Jewellery Box	300/- (18″x8″)
	100/- (6″x4″)
	50/- (3″x2″)
Table Mat – Set of 6 place mats, coasters and centre mat	105/-

E. ARALIA (JOGENDRA NAGAR), RENUKA HANDICRAFTS

Renuka Handicrafts is just 1.5 km away from Jogendra Nagar Handicraft Cluster at Jogendra Nagar. Their main products are room dividers, decorative panels & wall hangings. Raw material is procured from the local market at Jogendra Nagar.

PRODUCTS AND PRICE

Room Divider: Rs 2,025/- to Rs 4,500/-

Decorative Panels: Rs 300/- to Rs.500/-

The entrepreneur has set up a working shed in his house where 8 permanent workers are working. The workers are working 7-8 hrs per day. Their total annual turnover is Rs. 6-7 lakhs having an annual profit of 10-15%. For marketing of products they depend upon PURBASHA with more than 85% of the production going to them. The rest 15% is sold through local market, local traders & different fairs. What needs to be commented is that the designs had a very traditional look that would not do well in larger markets needing newer designs. One reason for traditional design creation maybe Purbasha’s needs and assessment for their type of customers.

All 8 workers work 7-8 hrs a day and can make 10 room dividers per month, each costing Rs. 4,500/-, without doing any other work.

COST OF PRODUCTION:

Cost of 1 Room Divider	Cost (Rs)
Wood (Gomai)	750/- per 1.6 cft
Bamboo	100/-
Ply (36 square ft, 7/- per sq. ft)	252/-
Cane (7 piece require, 7/- per piece)	49/-
Fevicol	130/-
Labour (3000*8/10)	2400/-
Bamboo fine mat (10m, 18inch)	140/-
Bamboo Zali (5m,1ft)	125/-
Total	3496/-
Profit	4500-3946=554/-

GEETANJALI TRADERS

The trader has a showroom on the main road and deals in different kinds of traditional handicrafts. He also has his own working shed making calendars from fine mat, chopsticks, rhinoceros looking souvenir made of wood, sculptures made of bamboo roots, etc. His annual turnover is Rs 7 lakh with a profit margin of 10% as stated by him. He collects the handicrafts from villagers and sells them to buyers. Sometimes there is also another agent between him and the final buyer. The chain thus can be said to be as follows:

Local Manufacture-->Local Trader--->Final Buyer outside Tripura

Local Manufacture-->Local Trader--->Agent --->Final Buyer outside Tripura

Mostly their orders are procured from Goa, Pune & Panaji. Supplies of handicrafts to Agartala are done through Jeep (costing around Rs. 500/- per round trip), and from Agartala goods are transported by trucks. All transportation costs are borne by the buyer and it takes around 10-12 days to reach the destination.

Other similar traders around Mohanpur are Badal Handicrafts, Biswa Karma Handicrafts, Mahamaya Handicrafts.

<u>MODERN HANDICRAFTS - MANUFACTURER OF HANDICRAFTS</u>

Modern Handicrafts is run by Mr. Manoj Devnath having 10 permanent & 20 contract workers. He outsources 20% of total production - Instead of outsourcing the entire product he outsources different parts of the product and then he both assembles & modifies them & sells to the traders. By doing this he is able to keep prying eyes away from the final product. The rest 80% of the production is produced at his own work shed. His total annual turnover is around Rs 10-15 lakhs with a profit margin of 10-15% as stated by him.

For making handicrafts, they mainly use *Dolu* (*Schizostachyum dullooa*) & *Bom* (*Bambusa cacharensis*) Bamboo. Around 80% of bamboo is from their own bamboo plantation. As there was a huge problem regarding unavailability of *Dolu* bamboo they ventured into plantations 3 years back that is standing them in good stead. For the remaining 20% bamboo they depend upon the local market. Each *Dolu* Bamboo costs them around Rs. 25-40, price depending upon its maturity. Generally, in handicraft production mature bamboos are used but there is a scarcity of even the raw *Dolu* bamboo let alone the mature ones. There is ample availability of *Muli* Bamboo but it is largely of not much use for handicrafts.

Modern handicrafts have now ventured into making utility handicrafts like dustbin, laundry basket, flower basket, lamp shed, laminated tray etc.

More than 95% of the production is sold outside Tripura & all the transportation cost is borne by the buyer. The transportation cost is around Rs.20-25/- per kg by truck and Rs.45/- per kg using surface courier (Gati). This however does not corroborate with cost of full truckload of Agarbatti that sellers say costs Rs. 45,000 on an average from Kumarghat.

PROBLEMS FACED IN MEETING DEMAND

Due to uncertainty in orders they are unable to provide continuous job work to workers. So most of the time orders which have a shorter delivery period they are unable to accept.

Besides this neither his workers have got proper training nor does he have any machines for finishing of his products. Also most of the time there is lack of availability of matured *Dolu* bamboo and they can't use the immature bamboo for the handicrafts. Besides this due to lack of knowledge in how to improve quality & how to maintain it some times their samples are rejected by the buyers.

Also due to unavailability of newer designs & lack of knowledge about demand of current market they are unable to compete. Another disadvantage is the rainy season that lasts for 7 months in a year that pose a problem due to lack of inadequate storage for stocks.

Another important reason for not meeting demand is the work culture prevalent. It is said that if they have money available for the day work becomes secondary. However at times this is the manifestation of inadequate opportunity and may correct itself once people around are seen prospering.

BAIKHORA CLUSTER

Baikhora is a handicraft cluster in South Tripura. The cluster has 107 members & 6 SHGs. There are 10 members in each SHG. Work starts at 9 AM and goes on till 5 PM. The cluster functions as a training centre and not as a production house. Each new member of the cluster is trained here for 4 months. They make their products at home and submit them at the cluster. 85% of the products goes to Purbasha and the rest 15% goes to local market and different fairs. The cluster keeps a margin of 6% on selling price.

The products of the cluster are:

Products	Price in Rs. (per unit)
Pati (7ft x 5ft)	400
Sheetal Pati Fine Mat (8ft x 5ft)	3000
Chatai For Anganbadi Centre (1.5 ft x 1.5 ft)	16
Looking Glass	30-45
Light Stand	100
Small Dressing Table (1.5ft)	50-60
Wall Clock	200
Letter Box	40-50
Muda	120

Pati and Sheetal Pati are two types of mats, the former being coarse and the second finer, that are very flexible and finely finished. Normally used as floor covering to sleep on in summer since it offers a cool surface, it has started to make its appearance as a fabric material in some cases for purses and bags. Both woven mats are made from Muthiak, a cane like material locally available having an average length of 6-8 ft.

Production of Pati	
1person--12Days--1Pati(7ft x 5ft)	
Material Used: Cane	
Material Cost	60/-
Selling Price	400/-
Margin Kept by the cluster: 6%	

Production of Sheetal Pati	
1 Person takes 40Days to weave 1 Sheetal Pati (7ft x 5ft)	
Material Cost	80/-
Selling price	3000/-
Margin retained by the cluster: 6%	

SANGHADIP SAMITI-NGO (1979)

The NGO was established in 1979 and has more than 120 active members which includes a President, Secretary and a body of 13 executives.

Income generation, housing, handicraft and social work are the main activities of the NGO. For income generation they provide loans used for running a small grocery shop, tailoring, rickshaw, etc. More than 113 groups are covered by this NGO. Each group has 10-15 members. Most groups are involved in cane & bamboo handicrafts, jute, tailoring, local fast food, fishery, piggery, etc. Each member of the group saves a particular amount per month in the group account that varies from Rs. 30/- to Rs. 200/-. Most groups have a sum of Rs.70,000/- in their account.

The NGO also provides training in bamboo handicrafts and has an instructor who is on the payroll of DCH, that too has rented premises from them at their office location. The NGO actively participates in most industry and handicraft fairs all over India that helps them understand market needs. They have also started making different kinds of utility products such as computer table, table lamp, fruit basket for home, corner rack, water carrier, dust bin, magazine desk, telephone stand, etc.

5.0 Basis of current volume, turnover and employment numbers

Based on discussions had with Purbasha officials in Agartala an estimated 2,000 SHGs are operating in Tripura making all kinds of handicrafts. Altogether 20,000 artisans are involved and a turnover of Rs 1,500 lakh is estimated to be generated yearly.

6.0 Strengths and Weaknesses (SWOT)

Though local talent is available for making handicrafts yet they are not able to market their products – Rs 15 crore is negligible compared to the total estimated market of over Rs 26213 crore at an all India level. New markets need to be explored through new channels, the traditional channels in the unorganised sector consisting of agents and traders needs to give way to an organised system of dealing with focus of fewer products.

STRENGTHS	WEAKNESSES
• Availability of local skills for making utility handicrafts • Raw material availability	• Direct exposure to markets is limited • Industry more of daily wage and piece driven than scale driven • Size of the units currently operational very small. • Product designs not contemporary in look
OPPORTUNITIES	**THREATS**
• Lifestyle industry is favourably disposed towards utility handicrafts • The new generation consumer and retail formats may provide a good visibility platform for bamboo handicrafts	• Utility handicrafts made from other natural fibres like palm leaves etc. are already available in lifestyle stores, for a lay consumer it is difficult to make out the difference between palm, bamboo or any other fibre. • Imported utility handicrafts from Thailand, Malaysia and China made from bamboo are available in market.

7.0 Opportunities

Opportunities for bamboo handicraft products were checked out in Mumbai and Bangalore at organised retail formats, soft furnishing stores and lifestyle chains. The report on these market visits is given below:

7.1 The Handicraft Market

There are two distinct kinds of markets serving different needs for handicrafts:

- The Handicraft Speciality Stores
- The Organised Retail Large Format Stores

Handicraft speciality stores have a collection of decorative as well as utility handicrafts belonging to decorative as well as utility genres. They have developed their own supply sources right from village level at times. These stores have a loyal set of local clientele but majority of their customers are domestic and international tourists. On the other hand, the large format stores are focused on utility handicrafts which serve as home accessories – these are procured from various regions and may be imported. The emphasis is on variety and value for money as these stores cater to a broad spectrum of clientele.

To find out about their interest in utility handicrafts as also products which would be of interest to them we visited four stores. A catalogue featuring "Olom" designs for utility handicrafts like planters, dustbins, mats, cushions, screens, office accessories, jewellery etc. was displayed to the merchandisers of these stores to obtain their opinion.

- Contemporary Arts And Crafts

- Bombay Stores
- HomeStop
- Lifestyle, InOrbit Mall Mumbai
- Hyper City Retail
- @Home

Contemporary Arts and Crafts

Contemporary Arts and Crafts or CACs as it is popularly known was India's first pioneering lifestyle stores established in 1962. The idea was to being an eclectic collection of furniture, furnishings and accessories for homes and offices under one roof. CACs has recognised artisans by developing their talent and skill and on the other hand share a unique bond with their customers. Their emphasis all along has been the synergy of traditional handicrafts with modern lifestyle by creating a blend of products.

A meeting with CACs, Mumbai (it has only two outlets though planning to roll out more soon) was held to find out more about their needs and market trends. They were also shown a photo collection of Olom utility handicrafts – planters, dustbins, lampshades, screens, mats, office accessories, cushion covers, table mats etc. While the collection matched with the genre which they were dealing in – that is modern, contemporary yet traditional they already had sold products similar to the ones in the collection. They expressed their interest in few products like screens and cushions but were wary about delivery commitments. Moreover they felt that they had already an established channel from the NER which was taking care of their demand.

The opportunity in CACs does exist but in a limited way. However, being present in CACs is very critical for Tripura products as it would lend them a status and dignity which bamboo handicrafts do not enjoy at present.

A measure of caution however that came up was the creation of exclusive designs for the store. They were also not too keen to use the "Olom" brand name. To begin with however these compromises may have to be made in order to gain visibility and reach the right target audience. They would however be game to developing an exclusive design with an embargo period of say 6 months after which producers could take similar orders from others. This may offer a way out to meet exclusivity needs of stores, have a committed production volume arrangement, and yet not be totally binding to one buyer.

CACs may provide business for at most 250 cushion covers per year priced at Rs 250 per piece and 25 screens priced at Rs 7,000 per piece. It is advisable to showcase higher end products like cushions and screens in these stores as their discerning clientele is likely to appreciate it more. Other than these, items such as planters, hangers, and baskets could be sourced based on price supplied at.

The Bombay Store, Mumbai

The Bombay Store has been in existence for around 95 years now with the first store opening in December 1906. The store houses an assortment of items including food products, ready-to-wear clothing, home furnishings, home accessories, cosmetics, health care, leisure and entertainment products. Currently, there are four Bombay Stores, operating in Mumbai (10,000 sq. ft.), Bangalore (30,000 sq. ft.), Pune (5000 sq. ft.) and one smaller one located at the Mumbai airport to cater to travellers.

The Bombay Store is planning to increase its current number of outlets from existing three to twenty. With these plans in place, the company is aiming to be present in all major metros including Delhi. The average size of the new stores will be approximately 15,000 square feet.

Nearly 50% of the current customer profile of The Bombay Store is foreigners and tourists. It has a loyal set of clientele that keep coming back in search of new concepts and designs in home decor, apparel and accessories and is constantly on the look out for new vendors with innovative concept. A separate merchandising team for each product line is in place who have a discerning eye and are quick to recognise a good product.

When the research team visited the Head Merchandiser of the store with the Olom product catalogue they were immediately interested and appreciated the concept. They were willing to place orders during the meeting itself and desired to be sent designs and quotations at the earliest. They have suggested some more variety in designs shown to them by adding different colours and combinations.

The products which interested them the most and also one of the fast selling items of their store is the cushion cover. They liked all the designs in the catalogue and found it to be a unique concept which could be a runaway success. They were particularly interested in the diamond shaped patterns on the cushion covers. The other items which interested them were office accessories, jewellery, dustbins and planters.

The selection process begins with a show casing of the collection to them through a CD or photographs after which they invite the vendor with products and samples. A vendor agreement form which details payment terms is then signed between the two parties. The products are kept in the shelves for 4-5 months on a consignment basis, payment is made for the products sold every 45 days. They do not provide designs but do make suggestions on the shapes and colours in vogue.

HomeStop -The Soft Furnishings Chain of Shoppers Stop

Shoppers' Stop recently launched its first home concept store HomeStop at Bangalore, with a focus on soft furnishings. In addition, a slew of HomeStop stores that will be separate from existing Shoppers' Stop stores will be launched by early 2006 in metros and cities like Pune, Hyderabad and Jaipur.

A meeting with the Head Merchandiser of HomeStop was done at Mumbai. According to him, HomeStop was being positioned as a one stop lifestyle solution. In HomeStop the look and feel as seen was contemporary. The Olom product catalogue when displayed to the merchandiser however did not evoke excited response. this was largely due to the products not appealing from a current consumer preference point of view. The clientele visiting their stores would shy away from traditional fare as it would not match with the decor in their homes according to him. He felt that bamboo products are more suited to be sold through large format sores which are targeted at the SEC B and C.

A visit to the newly opened HomeStop store in Bangalore however was a pleasant surprise. A collection of handcrafted products including planters, dustbins, lamp shades, small tables, cushion covers, floor mats made out of bamboo and other fibres was seen occupying a large section of nearly 2,500 sq ft on the ground floor of the store. This was quite different from the view expressed by the Head Merchandiser in Mumbai. A large section consisted of natural fibre products manufactured by Industree, a Bangalore based handicraft NGO showing promise.

Considering the presence of these products at HomeStop, opportunity for marketing bamboo handicrafts should find acceptance in the store. It is a matter of creating contemporary design and blending different colours, fabrics and styles together. To view the complete range of Industree products, a visit was also undertaken to their exclusive showroom at Garuda Mall in Bangalore.

Visit to Industree, Bangalore

Industree works with more than 100 producer groups. It has an annual turnover of Rs 10 crore out of which Rs 3 crore worth of products are exported. Industree sources from NGO's, trusts and co-operatives from all over South India and Orissa.

Producer groups are small and are mostly women home workers. They would provide a good platform to market products from Tripura, price considerations being met.

PRODUCT RANGE

1. Natural fibre shopping bags and baskets.
2. Natural fibre place mats, runners and accessories such as bread baskets, cutlery tray, fruit basket, etc.
3. Natural fibre laundry and storage baskets, bins and boxes.
4. Natural fibre floor mats.

These products can be divided into collections for dining table and kitchen, for living room, bathroom, desk, and so on. The following is a brief classification of products in each category:

- **Dining Table**: rectangular table mats, round table mats, table runners, food/ cheese covers, fruit trays, glass holders, vegetable baskets, cutlery trays, serving trays, appetizer trays, wine bottle holders and bread baskets
- **Desk**: file holders, pen stands, pen trays, file trays, CD boxes, waste baskets, storage boxes and pen pouches
- **Living room**: magazine racks, wood/ cat/ dog baskets, storage/dust bins, laundry bins, floor mats, foam cushions and door mats
- **Bathroom** (plastic woven): laundry bins, dust bins, bathroom mats, cosmetic boxes, lined pouches and bathing scrubs.

A model on the lines of product portfolio of Industree can be considered for development of utility handicrafts from Tripura.

Lifestyle, Inorbit Mall Mumbai

Part of the Dubai-based Landmark group, LifeStyle International has five stores in Chennai, Hyderabad, Bangalore, Gurgaon and Mumbai. The NRI-owned group has been in the retail business for over 25 years and has a presence in the Gulf states, Lebanon and Cyprus. The philosophy of the stores is "With growing number of nuclear families and a desire to express individuality, there is great market for home decor products." While choosing the products to be kept in stores, they focus on design and utility.

A visit to the Lifestyle store at InOrbit mall in Mulund, Mumbai was made by the research team. It was observed that the emphasis was more towards imported household accessories rather than Indian made. Bamboo based accessories were available in the shop but in a limited way – table mats, floor mats, etc lying in an uncared fashion. However, since the philosophy of the store is driven by utility and design, Olom like products should find a good fit with the Lifestyle chain of stores. It can also open up avenues for selling in their stores outside India.

HyperCity Retail, Mumbai – Value Format Chain of Home Products

HyperCity is a big-box format of 85,000-100,000 sq. ft store in the value-retailing business floated by Shoppers Stop. The first store is slated to open by March 2006 in the capital. Food and grocery will not be as high on the selling agenda, instead the focus would be on value based home products.

A meeting with the chief merchandiser for HyperCity Retail was done by displaying the product catalogue. His reaction towards the designs was not highly enthusiastic – he felt that the current designs of bamboo products are artistic, they need to be contemporary looking and mass produced to fill shelves. The current portfolio of products are addressing a niche market but need to have a mass appeal which is missing at present.

They were interested in business with a vendor only if large volumes can be supplied timely, and would not be involved with the aspect of design. However, they could indicate preferences on trends and styles.

They were interested in planter covers and dustbins for their stores if they were available in vibrant colours. They advised using artificial dyes if natural dyes were expensive, since they felt that mass market products were about price and not about making a statement.

@Home – A chain of furniture stores by Nilkamal Plastics

The Nilkamal Group, India's leading manufacturer of moulded furniture and material handling crates having a turnover in excess of US$ 100 million and is also the world's largest manufacturer of moulded furniture. The group has a wide array of moulded products in both furniture as well as crates segment. The furniture product range comprises chairs, dining tables, coffee tables, trolleys, shoe racks, multipurpose racks, baby chairs, stools, etc, to mention a few.

With moulded furniture market having remained stagnant since past couple of years, Nilkamal Plastics thinks that the only way to grow the category is by making a foray into the value addition sector. The company which had launched moulded plastic sofa sets some time back, is now in the process of launching moulded plastic office furniture under the brand name, Novella, as well as storage cabinets and wrought iron look alike rocking chairs for the home segment.

The company also has its exclusive stores, Nilkamal Home Ideas, in as many as 20 SEC B&C towns, and is planning to set up 15 more stores in the next six months. Recently, Nilkamal also ventured into large format retail with the launch of its home solutions store "@Home", which has been positioned as an aspirational mid-market brand. The store offers furniture, home furnishings and accessories. The company has set up stores in Pune, Mumbai, and Ahmedabad, and is planning to set up 27 @Home stores in the next three years, for which it is planning an investment of Rs 40 crore.

The research team met up with the Merchandising Department of @Home in Mumbai. They were immediately interested with the home accessories range as it would add to the variety element in their stores. Since the positioning of @Home is for the middle and lower middle socio economic segment – SEC B and C, the product may be appealing as one of the many varieties being offered.

The products which interested them were:

- Cushion Covers
- Dustbins
- Planters

They were inclined to view a detailed presentation about these products with their sourcing team.

8.0 Strategy for Metros

The presence of products is required in the handicraft as well as organised retail lifestyle stores. Similar to the situation in Mumbai, specialised handicraft stores like CACs and Good Earth have to be tapped in other metros as well. In each metro at least 6 speciality stores can be tapped for the high end product range of cushion covers and screens. Large and medium format retail stores like Bombay Stores, Lifestyle, Hyper City Retail, Home Stop and Pantaloons can be tapped for fast selling items like planters, dustbins and also lower range of cushion covers.

However, the key success factor for urban markets is design exclusivity which all chains and specialised stores met with are going to be very demanding about. Accordingly different designers can be appointed to produce a product range which caters to different vendor profiles – for the specialised stores and for the lifestyle stores. The approach would be to deal with merchandisers at these stores directly.

8.1 Markets in Non Metros

An untapped market also exists in the non metros that are rapidly getting urbanised. We can consider the cities with million plus population to be a potential target for the offering of utility handicrafts made from bamboo.

Urban Agglomeration	State	District	Total Population (in lakhs)
Greater Mumbai	Maharashtra	Thane, Mumbai (Suburban) & Mumbai	164
Kolkata	West Bengal	Nadia, North Twenty Four Parganas, Hugli, Haora, Kolkata and South Twenty Four Parganas	132
Delhi	Delhi *	All 9 districts of Delhi	128
Chennai	Tamil Nadu	Thiruvallur, Chennai and Kancheepuram	64
Bangalore	Karnataka	Bangalore	57
Hyderabad	Andhra Pradesh	Medak, Hyderabad and Rangareddi	55
Ahmedabad	Gujarat	Gandhinagar and Ahmadabad	45
Pune	Maharashtra	Pune	38
Surat	Gujarat	Surat	28
Kanpur	Uttar Pradesh	Kanpur Nagar	27
Jaipur	Rajasthan	Jaipur	23
Lucknow	Uttar Pradesh	Lucknow	23
Nagpur	Maharashtra	Nagpur	21
Patna	Bihar	Patna	17
Indore	Madhya Pradesh	Indore	16
Vadodara	Gujarat	Vadodara	15
Bhopal	Madhya Pradesh	Bhopal	15
Coimbatore	Tamil Nadu	Coimbatore	14
Ludhiana	Punjab	Ludhiana	14
Kochi	Kerala	Ernakulam	14
Visakhapatnam	Andhra Pradesh	Visakhapatnam	13
Agra	Uttar Pradesh	Agra	13
Varanasi	Uttar Pradesh	Varanasi	12
Madurai	Tamil Nadu	Madurai	12
Meerut	Uttar Pradesh	Meerut	12
Nashik	Maharashtra	Nashik	12
Jabalpur	Madhya Pradesh	Jabalpur	11
Jamshedpur	Jharkhand	Pashchimi Singhbhum and Purbi Singhbhum	11

Asansol	West Bengal	Barddhaman	11
Dhanbad	Jharkhand	Dhanbad	11
Faridabad	Haryana	Faridabad	11
Allahabad	Uttar Pradesh	Allahabad	10
Amritsar	Punjab	Amritsar	10
Vijayawada	Andhra Pradesh	Krishna and Guntur	10
Rajkot	Gujarat	Rajkot	10

Figures based on Census 2001

In the smaller cities, it is likely that the consumer acceptability of handicraft based utility products with even traditional designs would be higher. A separate range of products can be developed for this market. Home accessory stores through national organised retail chains or local retail chains can be tapped. Fast moving products like planters, dustbins and lower range of cushion covers can be targeted in these markets.

A regional level distributor who is already in the home accessories business can be appointed for servicing of these outlets.

An alternative approach could be to take a direct marketing route such as selling through bicycle based sellers that could be explored as an option. Such sellers could move from door-to-door offering goods to sellers directly on a beat basis. Considering the disintermediation of supply channel, potential may exist due to good margins available. All such sellers will however need to be trained and a city based distributor could take a position to develop the local market and provide warehousing facilities. Pictorial calling cards could be left on every visit at every house called and needs serviced if it arises other than on a beat day.

8.2 Product Suited for Current Market

The range of products has been identified keeping in mind resistance to anything traditional or ethnic in new Indian homes. Planters and dustbins are innocuous and at the same time offer a welcome break from plastic that is cheap and steel that is too expensive. They occupy a corner in the home and may not clash with so called contemporary looks that new Indian homes are sporting. On the other hand, cushion covers made out of bamboo are a class in itself – the subdued colours and designs would fuse with the modern decor and they are not identified with traditional handcrafts in any case. The high end items like screens with unique designs can be made available in speciality stores. It will be important to expose the range to interior designers to fire the need in the market considering the number of homes being furnished by them. Participation in shows like Inside-Outside and Society would help raise the general awareness about the products.

A specific effort will be needed to promote the Olom brand to potential customers and it should be positioned as a contemporary design based good quality label that is made of eco-friendly material. With identification of the Olom brand will rest the fate of products produced. However, as indicated earlier certain stores may want to have their label and that too should be first tried to be negotiated on the basis of "Made by Olom Exclusively for Contemporary Crafts" as a suggestive label.

Of all product ranges, crafts offer the maximum potential to find export markets at an early date and in large numbers. With organisations such as IKEA and many other buyers based in India, this is not something unthinkable or far away. However it is important first to understand the importance of volume production for good quality products on a sustained timely delivery basis before such commitments be made.

As mentioned above each of the items needs to be available in a different designs and sizes hence different price ranges to serve the three different segments – speciality stores, large format retail stores in metros and the non metro market.

Product Range Suggested

Item	Design Type	Market Price Range (Rs)
Planters	Detailed contemporary different colours	Rs 500 upwards
	Contemporary minimalistic look	Rs 300-400
	Traditional look but new designs	Rs 200-300
Dustbin	Detailed contemporary different colours	Rs 500 upwards
	Contemporary minimalistic look	Rs 300-400
	Traditional look but new designs	Rs 200-300
Cushion Covers	Detailed contemporary different colours	Rs 700 upwards
	Contemporary minimalistic look	Rs 400-700
	Traditional look but new designs	Rs 300-400
Screens	Detailed contemporary different designs	Rs 7000 upwards

Besides the above items some of the products which can be considered are:

- Bread and fruit baskets
- Laundry Bags
- Serving trays, appetiser trays
- CD boxes, storage boxes
- Magazine racks, Cat/ dog baskets, laundry bins

Price for above products need to be estimated after finalising designs and making prototypes.

9.0 Market Potential

The product is to be sold through distributors and a chain of stores catering to markets in metros and second and third tier cities covering 20 cities in India. Another 15 cities with million plus population can be targeted in a 5 year plan – these cities would already have the handicrafts available in the traditional form and may not be ready for the new look. The cities can be covered in a phased manner.

Opportunity I – Speciality Stores

It is suggested that the Speciality Handicraft Stores should be targeted in a phased manner in the top 8 cities. The objective of being present in the speciality stores is primarily to be perceived as a premium product to take away from the image of a cheap product which bamboo is saddled with at present.

The table below shows the revenue that can be generated from 8 stores from two products – cushion covers and screens.

Urban Area	State	Total Pop. (in lakhs)	Speciality Stores			Number of pieces sold/store/year		Revenue expected (Rs lakhs)			
			Yr 1	Yr 2	Yr 3	Cushion Covers (Rs 700/piece)	Screens (Rs 7000/piece)	Yr 1	Yr 2	Yr 3	Total
Mumbai	Mah.	164	6	6	6	100	6	6.72	6.72	6.72	20.16
Kolkata	WB	132	0	4	6	75	5	0	3.5	5.25	8.75
Delhi	Delhi	128	6	6	6	100	6	6.72	6.72	6.72	20.16
Chennai	TN	64	0	4	6	75	5	0	3.5	5.25	8.75
Bangalore	Karnataka	57	6	6	6	100	6	6.72	6.72	6.72	20.16
Hyderabad	AP	55	6	4	6	75	5	5.25	3.5	5.25	14
Ahmedabad	Gujarat	45	0	2	4	60	3	0	1.26	2.52	3.78
Pune	Mah.	38	0	2	4	60	3	0	1.26	2.52	3.78

As seen from the above table, in Year 1 speciality stores in 4 cities – Mumbai, Delhi, Bangalore and Hyderabad need to be targeted – 6 stores per city. In Year 2 Kolkata, Chennai with 4 stores each and Pune and Ahmedabad with 2 stores each can be added. In Year 3, the penetration of stores in all cities except Ahmedabad and Pune (with 4 stores) can be planned at 6 stores.

The high end products cushion covers priced at Rs 700 per piece and screens priced at Rs 7,000 per piece which may vary for different designs have been assumed to sell in small numbers of 60-100 per year per store for cushion covers and 3-6 per year per store for screens.

Revenue which can be generated from these 44 stores in Year 3 could be Rs 41.95 lakhs and at end of the 3 years could be approximately Rs 100 Lakhs.

Opportunity II – Large format National or Local Retail Stores

Products of medium and lower range would be targeted from these stores – medium range from metros and lower range from non metro markets. We would be able to target only limited number of chains since each chain may demand an exclusive design for themselves.

Organised retail chain	Stores currently	Planned in next 3 years
@Home	3	27
Hypercity Retail	1	15-20
Home Stop	1	5-8
Bombay Stores	3	20
Pantaloon Retail	20	13
Lifestyle	5	10
Total	**33**	**80**

The table below shows the market potential which can be targeted in the Tier I cities through organised retail chains and local retail chains in the city.

Urban Area	State	Total Pop. (in lakhs)	Number of stores			Product Range Qty/year/store			Revenue expected (Rs lakhs)			
			Yr 1	Yr 2	Yr 3	Planters and Dustbins (Rs 200-300)	Cushion Covers (Rs 200-400)	Other items like trays, laundry baskets, bread baskets etc. (Avg. Rs 150/pc)	Yr 1	Yr 2	Yr 3	Total
Mumbai	Mah.	164	10	15	15	300	100	200	21	31.5	31.5	84
Kolkata	WB	132	5	10	10	200	75	100	6.875	17.8	17.8	42.4
Delhi	Delhi	128	10	15	15	300	100	200	21	31.5	31.5	84
Chennai	TN	64	5	10	10	200	75	100	6.875	17.8	17.8	42.4
Bangalore	Kar.	57	10	15	15	200	75	100	13.75	26.6	26.6	67
Hyd'bad	AP	55	10	15	15	200	75	100	13.75	26.6	26.6	67
Ahm'bad	Guj.	45	5	10	10	100	50	50	3.75	15.5	15.5	34.8
Pune	Mah.	38	5	10	10	100	50	50	3.75	15.5	15.5	34.8

As seen from the table above, in Year 1 ten stores each have been targeted in cities of Mumbai, Delhi, Bangalore and Hyderabad.

4 out of these could belong to organised retail chains present across these cities – Lifestyle, Bombay Stores, @Home, Pantaloon, HomeStop. Hyper City Retail while remaining could be large local home accessory and lifestyle stores in the city.

Targeting a total of 100 stores in 8 cities with the medium priced product range of planters, dustbins, cushion covers and miscellaneous utility items like trays and baskets we arrive at a turnover of Rs 110 lakhs in Year 1, Rs 182 lakhs each in Year 2 and Year 3.

At the end of three years, a turnover of Rs 456 lakhs can be generated from the intervention.

Tier II cities

12 Tier II cities can be targeted with fewer stores and a lower price range of products from the Year 2 onwards. This has been described in the table given below:

Urban Area	State	Total Pop. (in lakhs)	Number of stores			Product Range Qty/year/store			Revenue expected (Rs lakhs)			
			Yr 1	Yr 2	Yr 3	Planters & Dustbins (Rs 200-300)	Cushion Covers (Rs 200-400)	Other items like trays, laundry baskets, bread baskets etc. (Avg. Rs 150/pc)	Yr 1	Yr 2	Yr 3	Total at end of 3 years (Rs)
Surat	Guj.	28		5	7	60	25	30		1.4	1.9	3.2
Kanpur	UP	27		5	7	60	25	30		1.4	1.9	3.2
Jaipur	Raj.	23		5	7	60	25	30		1.4	1.9	3.2
Lucknow	UP	23		5	7	60	25	30		1.4	1.9	3.2
Nagpur	Mah.	21		5	7	60	25	30		1.4	1.9	3.2
Patna	Bihar	17		5	7	60	25	30		1.4	1.9	3.2
Indore	MP	16		5	7	60	25	30		1.4	1.9	3.2
Vadodara	Guj.	15		5	7	60	25	30		1.4	1.9	3.2
Bhopal	MP	15		5	7	60	25	30		1.4	1.9	3.2
Coimb'tore	TN	14		5	7	60	25	30		1.4	1.9	3.2
Ludhiana	Punj.	14		5	7	60	25	30		1.4	1.9	3.2
Kochi	Ker.	14		5	7	60	25	30		1.4	1.9	3.2

At the end of three years a turnover of Rs 38.9 lakhs can be generated from the intervention.

Project Impact

Current Value of Handicrafts Sold from Tripura	Rs. 1500 lakhs/year
Targeted value at end of 3 years	Rs. 600 lakhs for 3 years
Assuming a marketing cost of 50% (retailer and distributor margin) turnover for Tripura will be	Rs 400 lakhs for 3 years