

Report on Inception Workshop on ‘Strategies and Preparedness for Trade and Globalisation with Special Reference to Small & Cottage Industries including Handicrafts and Leather Footwear’

Patel Bhavan, HCM-RIPA, Jaipur, Rajasthan

November 7, 2005

CUTS International, Federation of Indian Chambers of Commerce and Industry (FICCI) and Federation of Indian Micro and Small & Medium Enterprises (FISME) jointly organised an inception workshop on ‘Strategies and Preparedness for Trade and Globalisation with Special Reference to Small & Cottage Industries including Handicrafts and Leather Footwear’ at Patel Bhavan, Harish Chandra Mathur-Rajasthan State Institute of Public Administration (HCM-RIPA), Jaipur, Rajasthan, on November 7, 2005. The workshop was attended by over 70 participants from across the state and represented a variety of stakeholders – industry associations, representatives from United Nations Conference on Trade and Development (UNCTAD), FICCI and FISME, media, civil society organisations (CSOs), state government departments, artisans, weavers, academia, etc.

Background

UNCTAD, Department for International Development (DFID) and Ministry of Commerce and Industry are jointly implementing the five-year project on ‘Strategies and Preparedness for Trade and Globalisation in India’. Component-II of the five-year project seeks to facilitate capacity building on trade competitiveness in selected regions/sectors. This part of the project engages in ‘downstream’ actions, to build stakeholder capacities for understanding and managing impact of globalisation on their respective constituencies. The Tier-I partners (FICCI and FISME) would select Tier-II partners, which would include organisations and associations working with small-scale and cottage industries including handicraft and leather footwear sectors at the ground.

Welcome Address

Maharaja Jai Singh, Chairman, FICCI Rajasthan State Council and Rajeev D Mathur, Director, CUTS International delivered the welcome address.

- Maharaja Jai Singh stated that in today’s world we have no choice but to operate in an increasing open environment and in order to counter the challenges posed by globalisation, there is a need to undertake capacity building of all relevant stakeholders. They should also identify issues, which can be taken up for advocacy at the policy-level.
- Rajeev D Mathur stressed on the role and importance of women in the sectors of agriculture and handloom. He also introduced a project being implemented by CUTS, entitled, ‘Grassroots Reachout & Networking in India on Trade & Economics’ (GRANITE). The objective of the project is to create long-term capacity of grassroots CSOs and local media to address complex issues of globalisation and the World Trade Organisation (WTO) and their relationship with economic development and governance in India.

Address

Arun Goyal, Academy of Business Studies:

- highlighted the role of WTO and its various agreements concerning agriculture, services, textiles & clothing (T&C). While highlighting the role of WTO in ensuring greater trade

amongst countries, he also stressed on India's comparative advantage *vis-a-vis* other member countries. He stated that India is one of the leading countries being benefited from the WTO. Its strength lies in its human resource, that is hard working, and also the low labour cost. He also mentioned about the upcoming sixth WTO Ministerial Conference scheduled at Hong Kong, in December 2005, wherein the primary issues of discussion would be trade in services and the rules required to regulate it.

Keynote Address

Purushottam Agarwal, Secretary, Small-scale Industries and Khadi & Village Industries, Government of Rajasthan:

- laid stress on competition faced by indigenous produce as a result of imports of international products. Herein, the importance of small-scale industries (SSIs) in Rajasthan's economy was highlighted. It was stated that 95 percent of industries in the state are SSIs and thus, the sector assumes great importance. Constraints faced by these industries included production by employing traditional means. In the open market regime, these local producers find it difficult to get market access in bigger markets due to lack of infrastructure, capital and technology. Thus, national policies and institutions, having a complicated procedure should be restructured to suit the small producers. Another means to ensure better market access could be that the government sets-up *Gramin Haats* and *melas* wherein the villagers can sell their produce on a rotational basis.
- emphasis was placed on skill development (entrepreneurial and technical). Institutes like Entrepreneurship Management Institute were highlighted to be of great importance in this aspect. It was stated that '*Root Sheti*' in collaboration with banks provides training on entrepreneurial aspects for two to six weeks. A large number of the trainees end up setting up their own units, which helps in generating further employment.
- it was mentioned that five clusters are being developed in the state. Cluster approach helps organise people and capitalise on their strengths. This is further facilitated by setting up Common Facilitation Centres (which allow purchase in bulk), weavers being more organised and forming societies, Geographical Indication (GI) registration.
- restructuring of modern financial institutions was stressed upon in order to suit small producers. It was stated that *khadi* and handloom have a lot of employment potential but since these are expensive and unfinished, *khadi* is now being sold to the fashion market and stores like Fab India and other designer stores. This is helping address the problem of design, market access, finance, technology and process control.

Presentation by Abhijit Das, UNCTAD

- explained the project, its objectives, sectors involved, partners identified and challenges. Elaborating upon these aspects, it was stated that the objectives of the project involve gaining from globalisation, mitigating its effects and having greater influence on policies affecting the poor. The sectors within the project's purview included – agriculture, marine products, T&C, small and medium-sized enterprises (SMEs) and retail services. Capacity building of stakeholders was identified as the most important component-II activity. Project implementation strategy was discussed. India's trade policy was discussed *vis-à-vis* the recent reforms and trade liberalisation. Impact of trade liberalisation on productivity and employment generation were discussed. It was said that increase in labour productivity, in conjunction with the annual growth rate of over nine

percent in the output of capital goods during 1990s suggested a move towards capitalisation of Indian manufacturing industry. However, the growth in the export-oriented sector has not led to employment generation excepting T&C.

Presentation by Anil Bharadwaj, Secretary General, FISME

- stressed on preparedness of nations to face the competition posed by international trade. It was stated that all the small producers should come together in an organised manner and face the competition. In this context, knowledge creation and dissemination are important and so is institutional restructuring. Also, the roadmap beyond the project should be decided along with the follow up measures needed. This will decide the sustainability model.

Manisha Gupta, Consultant, Handicrafts & IPR Protection

- threw light on traditional knowledge and creativity being community knowledge and need for its protection which is termed as Intellectual Property Rights (IPRs). GIs and certification trademark were mentioned as the most appropriate IPRs for traditional knowledge, which has community ownership. Focus was laid on handloom sector, which is the second largest employment generator in the country and is also creativity intensive. It was mentioned that in the handloom sector, the primary thing is the geographical origin of a product, specifying its inherent characteristics should be protected from any sort of duplication. Thus, we have the GI Act started in the year 2003 has helped protect 12 products till now. Some of these include – Darjeeling tea, Kota doriya, Pochchampally sarees, etc.

Open Discussion

Towards the end of the half-day workshop, participants raised several issues and concerns, which were addressed by the speakers. These were concerning the state government policies' implications and inadequacy of infrastructural support.

- it was mentioned that we should increase our exports but a reasonable share of it should also be given to the artisans, weavers, etc. Herein, the role of CSOs was emphasised upon. Also, for this, it is vital that the CSOs have a better coordination with the Government.
- while employing any modern technology, a census should be undertaken to find out the capital output ratio and labour output ratio.
- it was said that a lot of data on the sector is available in an unassimilated form and should be taken into account. Similarly, many unorganised institutions exist, which should also be taken into account.