

Jaipur Rugs: Providing carpet-making livelihoods in rural India

JAIPUR
made with a family's blessing

BCtA Commitment

In August 2011, Indian carpet manufacturer Jaipur Rugs joined the Business Call to Action (BCtA) with a pledge to:

- empower women by providing sustainable livelihoods for 6,000 underprivileged women living in rural areas of Rajasthan, Uttar Pradesh, Bihar, Jharkhand and Gujarat States by 2015; and
- provide skills training in hand-knotted carpet manufacturing to 10,000 of the poorest people in these five states, and link them with sustainable livelihoods opportunities by 2015.

Key company facts

Country of headquarters:
India

Year of foundation:
2006

Number of employees (2016):
300 staff, approximately 40,000 contractors (28,000 weavers, 12,000 other labourers in raw material production)

Annual revenues (2014-2015):
US\$25 million



In Short

Many people in rural India have limited employment opportunities and rely on weather-dependent seasonal work in agriculture for their livelihoods. Carpet manufacturer Jaipur Rugs trains and contracts rural people to make hand-knotted carpets using weaving looms. This reduces the dependence on agriculture by providing a year-round source of income for 40,000 artisanal contractors in more than 600 villages. By helping villagers to obtain the skills and the machinery they need to work as artisans, the company is helping some of the poorest people in India to improve their lives.

In addition to managing all business operations, Jaipur has fully integrated the production process: (i) producing

“Our core purpose is to unearth and nurture the creative capacities of marginalized communities, and enable them to live dignified lives by providing sustainable livelihoods at their doorsteps.”

the raw materials for the carpets and delivering them to contractors; (ii) overseeing carpet production via rigorous quality control; and (iii) collecting, distributing and marketing the finished carpets through several channels. The company also supports its contractors by facilitating healthcare and providing education services that benefit the contractors' entire families.

What are the Results?



Link to the SDGs

- 1** No poverty
- 5** Gender equality
- 12** Responsible consumption and production



The role of partners

Jaipur Rugs' business model involves two main partners: Jaipur Rugs Private Ltd and JRF. While the company handles business operations such as the production of carpets and their purchase by customers all over the world, the foundation focuses on social and entrepreneurial development, reaching into remote rural areas and helping communities to enhance their livelihoods. While the training provided by JRF is central to its work, it is also involved in social and educational initiatives for women's empowerment and alternative education. These initiatives are funded by Jaipur Rugs Private Ltd and public-sector funders in India.

The Government plays other important roles in Jaipur Rugs' business model. First, it surveys the most economically disadvantaged regions, which helps JRF to identify the areas where it will train villagers as artisanal carpet makers. Second, it provides subsidies that enable artisans to install looms in their homes.

Business model

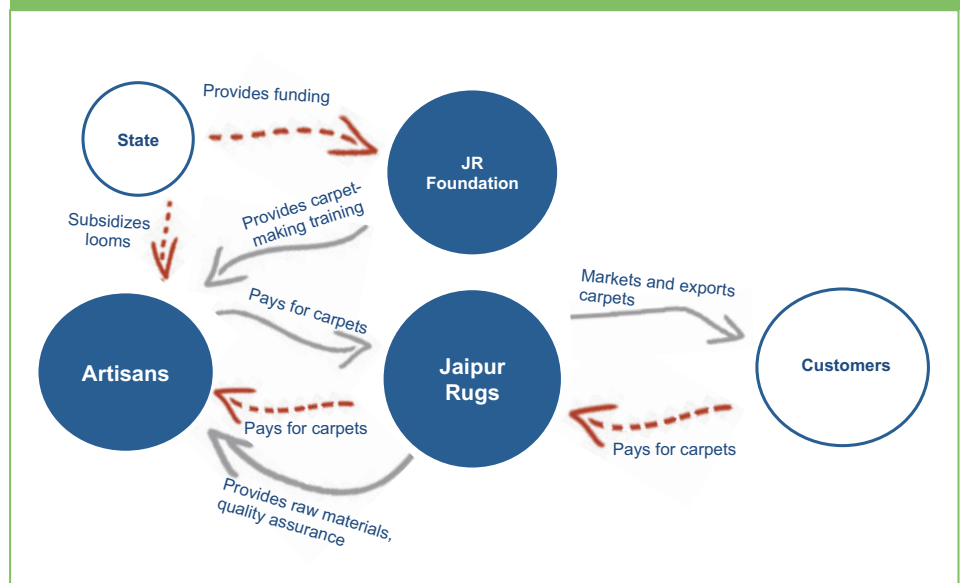
Jaipur Rugs' goal is to cut out the middlemen that control the carpet-making value chain in India by directly connecting with rural artisans and selling their products to buyers in overseas markets. By decentralizing its production to villagers in remote parts of India, the company's inclusive business model helps India's rural people to secure sustainable and decent incomes.

First, the non-profit Jaipur Rug Foundation (JRF) trains potential contractors in essential carpet-making skills such as weaving hand-knotted carpets using a manually operated loom. JRF selects weavers from villages in the most economically disadvantaged areas of India. Experienced weavers and JRF staff deliver the training while providing trainees with a stipend for the one- to three-month training period. After the training is completed, JRF helps the contractors to obtain government subsidies to install looms in their homes. Finally, the artisans are ready to work as independent contractors for Jaipur Rugs or other companies. Rather than obliging its contractors to commute for work, the company brings the work to them.

Jaipur Rugs provides contractors with raw materials such as yarn for weaving and a standardized design plan – a 'map' that shows them how to produce predefined patterns made by recognized designers. Quality control officers visit the artisans regularly to ensure both the products' quality and a smooth production process. These inspectors track progress and ensure that no disruptions such as a shortage of yarn occur. Jaipur Rugs staff collects the final product from the artisans, who receive monthly payments for their finished work. The company then sells the carpets to customers around the world: while most sales are to retail outlets overseas (mainly in the United States), an increasing number are being sold within India.

In addition to weavers, Jaipur Rugs contracts 12,000 other labourers, who are mainly involved in the production of raw materials such as yarn. The company proudly contributes to a sustainable incomes of these workers' families.

Business model and keyactors



What are the Results?

Business results

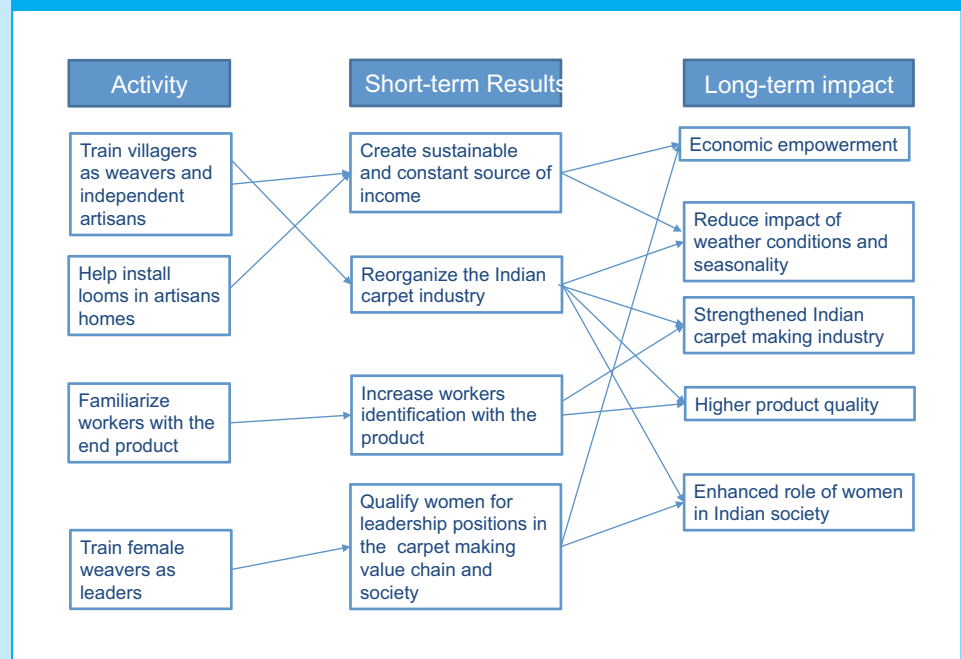
In the financial year 2014-2015, Jaipur Rugs earned revenues of US\$25 million. The company initially expected its inclusive initiative to yield a total profit of \$2.7 million until 2015 (this was calculated by subtracting the costs of training new weavers, raw materials and weaving expenses from projected sales revenues). However, it turned a greater profit than anticipated as a result of a lower-than-expected dropout rate during the training and high demand for its carpets in overseas markets. The company was also able to increase the number of its contractors to 40,000 and widen its geographical reach to areas where it was not active at the beginning of the project.

The initiative has helped to transform villages that were formerly dependent on seasonal income from agriculture, creating a profitable value chain of artisans. This has enabled Jaipur Rugs to handle increasing demand from its customers. With the domestic carpet market in India gaining momentum, the company has now opened a showroom in New Delhi.

Development results

Together, Jaipur Rugs and JRF are helping to empower workers by training them and helping them to acquire their own looms. JRF has trained more than 10,000 weavers in the last five years, fulfilling its BCtA commitment. The company remains fully committed to including low-income people in its value chain and providing them with a sustainable income. Formerly dependent on seasonal labour and favorable weather, artisanal weavers now have reliable income year-round. Although these artisans are free to work with whomever they like, the support they receive from JRF and

Results chain



high wages from Jaipur Rugs help the company to retain a significant number of those trained.

A key feature of this empowerment is the elimination of middlemen from the carpet-making value chain; traditionally, these entrepreneurs control relations between exporters and weavers. Because they control access to markets, middlemen appropriate a disproportionately large share of the profits from carpet sales and weavers are highly dependent on them. With Jaipur Rugs' model, this share of the profit is now available to weavers, who receive a minimum income of US\$70 per month (compared to \$6 from seasonal work in agriculture).¹

Since making its BCtA commitment in 2011, Jaipur Rugs has achieved its target of empowering 6,000 underprivileged women with reliable income through skills training and permanent employment. In addition, the company has provided leadership training for

women through its Young Women Social Development Programme. In association with the British Council and Diageo Foundation, the company has delivered management and leadership training to 1,700 women age 18 to 35. This training enables them to take up managerial positions at Jaipur Rugs and in their villages. Promoting these women also helps the company to strengthen connections with women contractors, who feel more comfortable working with women superiors from their home village or district.

JRF has also been involved in other aspects of social development like education, health and links to government subsidies. This work includes a variety of activities like health camps for 5,000 villagers each year, support for financial inclusion by helping artisans to open bank accounts and an alternative education programme for women.

¹ Interview with Pracin Jain, p.1.

What are the Lessons Learned?

Key challenges and solutions

With a network of 28,000 artisans spread out over 600 villages, one major challenge is quality control. Jaipur Rugs ensures quality by creating and distributing standardized 'maps' for each pattern, which show weavers how to replicate the design to a high standard; quality-control inspectors visit contractors regularly. Quality control extends to the repair of minor irregularities after the rugs are picked up from contractors and enter Jaipur's warehouses.

Another way Jaipur Rugs ensures high quality is by recognizing contractors as artisans – bringing dignity to the profession. Before the company began to transform the value chain, carpet weavers often felt alienated from the product and their art, and felt little pride in their work. They worked as labourers on different parts of carpets without knowing about the beautiful products they were producing. Some of them had never seen a finished carpet even though they had worked in the industry for 30 years. To change this, JRF created the Weaver's Engagement Programme, which introduces artisans to the entire process of carpet production and widens their perspective on the industry. In 2014, JRF trained 800 women through this programme.

A second challenge is related to gender stereotypes in rural India. It takes a lot of commitment to empower women to assume leadership positions. Most rural women have never been to school and

have been told for the majority of their lives to raise children and undertake domestic chores. One of the challenges the first recruits faced was their own peer group taunting their efforts. Therefore, a major focus of the Young Women Social Development Programme was on building confidence in order to help the women to take on leadership roles within their villages and subvert traditional gender imbalances within rural society. The fact that 108 women were trained through this programme is an exceptional indicator of its success.

Future plans

Jaipur Rugs plans to continue pursuing its path of sustainable growth. In addition to its existing sales channels, the company aims to increase sales in the domestic market – a strategy supported by the opening of a showroom in New Delhi.



Empowered lives.
Resilient nations.

BUSINESS
CALL TO
ACTION

Contact the Business Call to Action

E: secretariat@businesscalltoaction.org

www.BusinessCalltoAction.org

 @BcAtInitiative

Written by Christopher Kaan
Reviewed by Claudia Knobloch, James Tulloch, Endeava
and Tatiana Bessarabova, Business Call to Action