

22 Stitching Local to Global: SEWA Trade Facilitation Centre

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Background

In developing countries, the informal sector is simultaneously associated with both poverty and growth. While producers and workers in the sector suffer disproportionately from poverty, they are also a primary driving force in the growth of their economies and are highly enterprising and productive, even when very poor. In India, they contribute 60 per cent of national income, over 54 per cent of national savings and over 40 per cent of national exports.⁵³

All non-regular wage workers, both rural and urban, and virtually all self-employed people (except professionals and technicians) belong to the informal economy. Petty traders, small producers, micro-entrepreneurs, domestic workers, home-based workers and casual labourers – including shoeshine boys, rickshaw pullers, home-based garment workers, home-based electronic workers and street vendors – are all part of the informal sector. They work without technical or financial support and/or without minimum wages, assured work or benefits. Yet their persistence and ability to adapt to changing economic circumstances and make do with little or no infrastructure has been an essential component of the ability of developing countries to grow and manage transition in a globalising economy.

One large group within the informal economy is that of rural craft workers, most of whom supply very localised and often limited markets. In the case of rural women, a popular activity is the embroidery of clothing and household goods that are produced for own consumption, gifts for friends and neighbours or sale in local markets. Over the past several decades some of these products have reached Northern markets through government handicraft marketing organisations, NGOs and Fairtrade groups. However, this has been on a limited basis and has involved no more than a handful of the rural women artisans who engage in embroidery activities.

This case study focuses on an intervention implemented by the Self Employed Women's Association in Gujarat, India, building on the traditional embroidery work of rural women to develop a business enterprise owned by the women themselves, that aimed to supply embroidered products to export markets on a broad and sustained basis.

SEWA is a member-based organisation of poor self-employed women workers in the Indian informal economy. Founded in 1972, it has built up a membership of around one million women workers, making it the largest national women's organisation. SEWA's two main goals are full employment and self-reliance of its members in order to equip them in their fight against poverty by ensuring livelihood security. SEWA strongly believes in the Gandhian ideology of self-sufficiency, and therefore strives to build its members' own business enterprises; members of SEWA do not remain workers and users but become owners and managers.

SEWA Trade Facilitation Centre

The SEWA Trade Facilitation Centre (STFC) is a design, production and marketing facility for apparel, accessories and soft furnishings, with value addition provided by rural craftswomen. Hansiba, the STFC brand, is owned by the 15,000 women artisans from the impoverished Kutch and Patan districts of Gujarat who are its shareholders. The uniqueness of STFC is its innovation in marketing the skills of the rural poor, thereby ensuring that they have sustained work and income. Today it has become the primary source of income and livelihood for these artisans and has also relieved them from the drudgery and suffering of being forced to migrate to find work.

The aim is to place more and more income in the hands of the rural women artisans and bring them into the mainstream of India's emerging new economy. Hansiba is unique as it not only ensures livelihood security, but also addresses environmental issues by promoting organic cotton, *khadi* (hand-spun cloth) and natural dyes. Now in its fifth year of operations, and following significant restructuring of its business model, the STFC is poised for a significant retail expansion strategy that will help the organisation achieve commercial sustainability.

History and purpose of STFC

The STFC has its roots in SEWA's expansion in rural areas. As a union, SEWA's key first step was to organise. Furthermore, since the rural regions of Gujarat depend on agriculture as a main source of employment, yet are susceptible to droughts and other disruptions to the crop cycle, the generation of non-land-based employment is critical. Recognising the rich craft tradition among the women in the region, SEWA began to organise thousands of them on the basis of their artisan skills. Providing secure work and employment was an urgent need for the households and an effective organisational catalyst.

As the years passed and repeated natural disasters struck (cyclones, floods, extended droughts), the artisan base expanded. Soon, craft activity became

one of the only sources of income and livelihood for the artisans and their households. Eventually, the demand for work among the artisans exceeded SEWA's capacity to provide it on a sustainable basis under the system they had developed. In particular, SEWA's role of facilitating access to raw materials and linking the products with the market needed to be expanded, restructured and professionalised. In short, SEWA had to explore ways of turning this economic activity into a viable business – to ensure the artisans' income security by bringing the work to them on a sustainable basis that they could own and manage.

Thus SEWA initiated STFC as a company where the artisans have a stake in the ownership and decision-making processes, with the support of professional management. The overall aim is to ensure that craftswomen in the informal sector have socio-economic security and full employment, achieved through the sustained, profitable and efficient co-ordination of the design, production and marketing of their products and services.

Due to its unique business model and value proposition, STFC has two mutually reinforcing sets of objectives: business and social (see Box 22.1).

STFC interventions

In support of its objectives, STFC has developed a package of interventions that have been implemented with varying degrees of success. These include establishing market linkages, developing its own brand and production centres, and training and capacity building.

Establishing market linkages

STFC has a well-designed marketing strategy working through a range of channels that is a judicious mix of dedicated retail outlets; institutional sales by way of business-to-business marketing; exhibitions in major and emerging cities in India, Europe, Japan, South Africa and the USA; and promotion of e-marketing through the STFC portal.⁵⁴ STFC gathers comprehensive market intelligence that includes market surveys for specific product categories, access to buyers' databases, information on tariff structures and non-tariff barriers, and identification of possible distribution channels. It uses this information to develop an effective sales strategy and to increase exposure of the artisans to the demands of export markets and the operating procedures and quality norms required to penetrate them.

Developing its own brand and production centres

STFC launched its own national brand, Hansiba, in order to increase market penetration. It is named after SEWA's first ever artisan member who, at 93

Box 22.1 The mutually reinforcing strategies of STFC

Business objectives:

- Develop a sustainable and profitable business model where the surplus is ploughed back into strengthening the business organisation and expanding the member/shareholder base;
- Achieve a commercial operating break-even point by fiscal year 2011;
- Develop a competitive product based on artisans' traditional skills;
- Make production management efficient, while integrating remote producers by achieving economies of scale, optimal product sales mix and more efficient utilisation of capacity/resources;
- Market effectively both domestically and internationally, with sales planned to reach US\$1 million by fiscal year 2010.

Social objectives:

- Build the productive capacity of artisans so that they can compete in and be integrated into mainstream markets;
- Maximise the employment of qualified artisans at fair wages and with fair working conditions (with a target of 15,000 artisans by 2012);
- Ensure shareholder livelihoods through production co-ordination and market-driven strategies;
- Empower women artisans through the realisation of their potential, so that they engage in the development of their communities;
- Provide technical service assistance to strengthen similar organisations.

years old, is still inspiring others with her embroidery skills. The brand symbolises women's artistry and skills at every stage of the value chain – starting from cotton growing to the final product.

Merged into Hansiba are two earlier marketing initiatives, Banascraft and Kutchcraft, named after the districts in which the earliest women members involved in embroidery work lived. As markets grew and STFC started working with big buyers and entering the mainstream market, it recognised the need for one focused business organisation. There was also a need to promote embroidery and skills, rather than the region in which the women lived.

Vastralaya (common production centres) have been set up where SEWA members from different fields such as embroidery and stitching come together and make ready-to-wear garments. For this purpose, the women were given training from the National Institute of Fashion Technology (NIFT). The clothes embroidered by the members in the villages are cut, stitched, washed and packed in the *vastralaya*. In future this is where dyeing and printing of cloth will also take place and where the weavers will work. The *vastralaya* has a production capacity of 500 pieces per day and contains the latest equipment for garment making, washing, printing and finishing to ensure that products adhere to international quality standards.

Following market research carried out by STFC in 2003–2004, the strategy has focused on the Indian retail market, since it is growing rapidly at about 54 per cent in total sales. There are now three retail outlets in India under the brand name of Hansiba in Ahmedabad, Delhi and Mumbai, all in high-end shopping areas. In the international market, STFC works only with high-end designer labels such as Dosa and Adili.

Training and capacity building

STFC has introduced innovative solutions that help the artisans build their competitive edge in the market and has designed a set of training modules that aim to continuously upgrade and develop their skills. Other training includes orientation of the shareholders, quality checking measures, capacity building of the master craftswomen to run a common production centre, costing, business planning, production planning and micro-enterprise management. STFC has also collaborated with design specialists and reputable national institutions to help artisans develop their skills. In addition, STFC builds artisans' capabilities as managers to ensure efficiency at all stages of operations. These grassroots leaders are trained in all aspects of managerial training by the SEWA Manager's School, and linkages have also been established with the Indian Institute of Management in Ahmedabad.

Progress

STFC has expanded rapidly since its inception, driven by the competitive advantage of strong networks among the craftswomen, their distinctive traditional skills and the market potential for their crafts. The unique qualities and social impact of STFC's activities have been recognised and partially supported by the Ministry of Textiles, Government of India, and by international donors such as the Ford Foundation and the International Finance Corporation (IFC) of the World Bank Group. Under these programmes, the STFC builds marketing channels and directly sells the women's crafts.

The other production stages, such as design and procurement, are handled by SEWA or its partner organisations (i.e. district associations)⁵⁵ or are outsourced to third parties. Under these arrangements, sales have improved steadily, as can be seen from the 2007–2008 status of STFC shown in Box 22.2.

Box 22.2 Status of STFC (2007–2008)

Overview

- Annual turnover: Rs40 million
- Three outlets in Ahmedabad, Delhi and Mumbai
- Total employment generated: 3,500 rural artisans and 200 urban garment workers
- Provided an average monthly income of Rs1,500–1,800
- Business partnerships with large national organised retailers such as Shoppers Stop, Fab India, West Side, Life Style and Arna Clothings Ltd; international organisations; high-end designer labels such as Dosa, Adili and Hi Sister; and fair trade buyers such as Sevyā
- Created a cadre of grassroots business managers to streamline the entire production process and establish a robust supply chain
- Technical partnership with the IFC to evolve a commercial business strategy
- Provided market access and business development services to grassroots artisan groups from the North-east, Bihar, Orissa, Rajasthan and other south Asian countries such as Bangladesh, Nepal, Pakistan and Sri Lanka
- Replication of the model of STFC in South Asian Association for Regional Co-operation countries and Afghanistan
- Constituted a core cell within the Ministry of Textiles to enable the formulation of pro-poor policy

Financial performance

Share capital:	Rs1,41,75,800
Income:	Rs3,01,75,956
Total assets:	Rs3,79,57,992

Undoubtedly, the rural women involved with STFC have benefited from the business. Sixty-five per cent of the sale price of the products goes directly to the women, and a monthly income of an average Rs1,500–1,800 compares favourably with the minimum wage of Rs40–60 per day. In most households, this represents the sole source of income available to the family. What this means to the women is best expressed in their own words. According to Gauriben and Puriben, master craftswomen and shareholders of STFC:

We bring to you our story, which is our real life experience of building a company of the rural poor women, by the women themselves and for the women. The life of my family hangs by the thread with which I embroider.

Implicit in this statement is the importance not just of the regular source of income available to the women, but also of a sense of pride in the fact that this is their own company and all that goes with that – an increase in self-reliance and an increase in standing within their communities and households. As a result of their new empowerment, women who had never been out of their villages now go to the district and central offices. They go to government offices and take advantage of government schemes that are available to them. They even travel nationally and internationally.

The journey of these craftswomen or artisan women was not easy. When the project began, life for them was a struggle for survival and there were no alternative economic opportunities. They had to migrate in search of work in the absence of rainfall, agriculture or fodder for their cattle. Health, child-care and education of children was never a possibility, but always just a dream. Distress sales of the intricate embroidery and valuable cloths given to them as heirlooms by their mothers and grandmothers was common. These women say: ‘We had never seen 100 rupees before, but the first pieces of cloth for embroidery brought 100 rupees, which created history and brought a major breakthrough in our lives’.

More importantly, artisans like Gauriben and Puriben are always referring to the benefits of regular income and a choice of employment: ‘I can make the choice of laborious work in the field, migrating or doing embroidery at home – and I always choose embroidery’. They also point out that they are now known in the village by their own names instead of being known as ‘wife of or mother of or daughter of’. The traders and money-lenders who were previously unwilling to offer loans are now pushing for their custom because they can see the women have regular work and income.

Extra income has been spent on the women’s own development and that of their families and village communities. Money has been spent on educating daughters, on shelter, on agricultural inputs so that husbands and sons

can get a job and on constructing rainwater harvesting and watershed development structures.

Transition

Despite STFC's obvious success at the level of the company and the individual woman artisan, by 2004 it had become apparent that the scale of operations was beginning to exceed the capacity of such a system to co-ordinate and optimally serve the craftswomen. This resulted in a partial breakdown in operations as the infrastructure struggled to keep up with continued growth.

SEWA and the district associations therefore decided to review the business model in order to reach financial sustainability and make their operations more efficient. With additional help from the IFC, the operational restructuring was based on several initiatives:

- *Consolidation of all craft activity under one entity* (the merging of two other brands into Hasiba).
- *Extension of the services offered to members*, including:
 - Market access and development – through establishing a range of both national and international market networks;
 - Product development – through developing a range of contemporary products in line with current trends, fashion forecasts, consumer tastes and preferences, employing the traditional skills of artisans;
 - Capacity building and training of artisans – through strategic alliances with specialised technical training institutions and building in-house training facilities;
 - Technical assistance – through establishing a centre for member artisans equipped with state-of-the-art machines and facilities to enable production of high quality and high value-added products;
 - Policy initiatives – through undertaking various policy roundtables to enable a bottom-up flow of the needs and demands of the artisans and translate these into policy measures.
- *Transformation from a selling-oriented to marketing-oriented company*: Earlier, when a business plan was made, STFC looked at how many artisans were available, how much work they needed and what STFC wanted to supply, rather than what customers wanted. Now, in order to reach the mainstream markets and high-end markets, it is necessary to become market driven and meet the requirements of the customers.

- *Operations re-engineering:* The products being offered to the market were having numerous technical problems. Hence, there was a need to do a lot of product engineering in terms of size, cuts, fabric testing, colour fastness and fit, together with product development and designing. Operations include an efficient production system and supply chain that ensures timely delivery of quality products to customers, which in turn ensures a more cost-effective company and more income for members.
- *Strengthening the management team:* Small companies such as STFC cannot afford market rates for CEOs and other managerial staff, but it is still important to have such positions in place to ensure proper facilitation, along with clear-cut roles and responsibilities.

Lessons learned and future directions

STFC has travelled a significant distance along the path of building a model, artisan-owned, sustainable business enterprise. Among the main lessons learned are:

- When forming an organisation such as STFC, the investment needed for future expansion should be included in the initial planning. STFC is still struggling with restructuring because this was not done.
- The fact that this is a business operation should be kept in mind from day one, but the social objectives cannot be ignored because income and work security for poor women is the main objective of the initiative.

STFC is now clear about its future journey. It needs to successfully communicate the unique selling proposition of ‘hand embellishment’. It has gained experience in the retail market and feels that it is now time to focus on communicating that the STFC product is ‘wearable art’ instead of just a garment.

STFC plans to achieve 100 per cent growth in the business in the next three years. Its proposed strategy focuses on ethnic modern women’s apparel, home furnishings and gifts and accessories in the high-end premium market, the mainstream fashion market and staple products market. It is entering the high-end premium market segment by co-branding with the labels and designers of design houses. The strategy is to market the embroideries and designs so as to get more remuneration into the hands of the artisan women.

