Doing Good, Making Money, Changing India

A bunch of people are using innovation to power their ventures and bring about social change

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THE FLYING CARPET

A tapestry that changed not only the rugs industry but also weavers' lives in bright hues

AVANISH TIWARY
Narhet is a village 110 km from Jaipur, overlooking the majestic Aravalli range on one side and lush green landscape on the other. A 15 feet-wide road connects the village to the Delhi-Jaipur highway. It could be mistaken for just another Indian village off the main highway that tourists pass on road trips around the country. But this is no ordinary village.

More than 70 percent of the villagers in Narhet earn their living by weaving carpets and rugs—a traditional art they have learnt and inherited from their forefathers. With a weaving legacy that goes back to the 1970s, most of them work for Jaipur Rugs Company Pvt. Ltd. (JRCPL), a 12-year-old rug and carpet making company founded by Nand Kishore Chaudhary.

Chaudhary, now almost a sexagenarian, has been working with around 40,000 weavers in 10 states in India in his over a decade-old social enterprise. In the words of Narhet’s villagers, Chaudhary has changed their lives for the better.

Though weaving has been the warp and weft of the villagers’ lives, they barely managed to eke a living as they were in the clutches of manipulative middle men for years. Their lives changed for the better with Chaudhary’s rugs enterprise. “Earlier, the contractors would not give us money on time, which was anyway a paltry amount. With Jaipur Rugs, we get regular work and good money. Even the raw material is provided to us at our homes,” says Ram Dulal, 42.

Small business
Chaudhary entered the business of rugs on a small scale in 1978 with two weavers and two looms. In mid-1999 he set up Jaipur Rugs, expanded the business, widened his weaver base to include local artisans and started exports.

The social aspect of the business of involving local weavers was followed in other states too. Chaudhary spent over a decade in the tribal areas of Gujarat, identifying weavers and training them. It was a new opportunity for the weavers, for it only gave them regular work but also a steady income. “I always wanted to do something for the poor in the villages, especially people from the backward class who were during that time considered untouchables. I would go to their houses, motivate them to work for us, explain why and how it would benefit them and their community,” Chaudhary says.

Approaching the weavers directly, Chaudhary got rid of contractors and middle-men. “We have full control of the supply chain. Everything from the raw materials to the end product is managed by us. Since we are directly connected to weavers, we are able to get a good price from buyers, and handsomely compensate the weavers. With no formal degree in management, Chaudhary followed a trial and error method. “I had to learn about different aspects of the business like branding, effective implementation, etc. practically on the ground.”

Local weavers, global customers
With the business doing well, Chaudhary felt he could do more for the weavers. In 2007, he separated the not-for-profit part of his business from the profit making company and set up the Jaipur Rugs Foundation, an NGO which identifies and trains weavers in different states and villages. “We connect local weavers with global customers,” says Sameer Chaturvedi, CEO, Jaipur Rugs Foundation (JRF). The foundation, along with identifying weavers, also works on social development with the Ministry of Rural Development. Under the Swarnajayanti Gram Swarozgar Yojana (SGSY), a self-employment initiative launched by the Indian government in 1999, JRF has trained 4,000 weavers till date.

The Foundation has created an awareness about government schemes and how villagers can make best use of them. “Due to our involvement, many artisans have an Artisan Card from the government which provides a number of benefits and perks,” Chaturvedi says, adding that people are now asking more questions with regard to their rights.

Looks matter
Products from Jaipur Rugs, for a while at least, looked like they were from a bygone era. This changed in 2007 when Chaudhary asked his 29-year-old daughter, Kavita to step in. Kavita had just returned from Chicago after finishing a course in fine arts. She was keen to redesign rugs in vivid colors and patterns. “Back then, the carpets were really ugly for they were plain and dull colored. God knows who bought them!” says Kavita.

Kavita’s work on a few rugs left her father impressed with the designs and
KNOT IN TIME: Traditional designs get a fresh lease of life

he slowly started asking for her help. “There was one particular piece which we were about to pull out of our range,” Chaudhary recalls. “After Kavita re-designed it, that rug started selling and at a higher price.”

Kavita, who has been working with Jaipur Rugs for five years, heads the design team. Chaudhary gives full credit to her for the change in designs which gave a face-lift to the company. “When I entered the business, we had only red, black and white rugs and in terms of style, we stuck to the traditional,” says Kavita. “Then we turned our range into a palette of different colors. Customers told us they wanted classical patterns with easy-going colors. There was a lot of learning from them. Unless we are close to customers, we will be disconnected.”

A time to rethink
Chaudhary’s company exports rugs to Jaipur Rugs Inc., a sister-concern based in the US, managed and led by his eldest daughter, Asha Chaudhary. His son, Yogesh Chaudhary, 26, joined him as a director in 2006. Things were going well for the family around this time as growth scaled 40 percent year-on-year.

Then the business of rugs frayed, albeit temporarily. In 2009, when the slowdown hit the US and quite quickly the European Union too, the cost of rugs nosedived to as low as 40 percent of the market price. Soon there were no buyers and Chaudhary was forced to sell rugs at a discounted price in keeping with the then prevalent abysmal market price. To make matters worse, the company had ratcheted up production owing to its high growth and was suddenly left with a surplus inventory and no buyers.

“We hadn’t planned growth well and there was no stock-taking of goods and raw materials. Our inventory had to be increased and we had a lot of raw material for which we had to pay extra for storage,” recalls Yogesh.

After the slowdown ended and the market gathered momentum, the company revamped operations and started working in a planned manner. “We have never over-stocked raw materials since then,” says Yogesh.

The company, which Chaudhary started in an unplanned way but still managed to weave growth at a steady pace, is now undergoing changes that is boosting the bottomline. Production has increased by 19 percent in 2011-12, with sales revenue at ₹84.70 crore from ₹62.07 crore in 2010-11.

A new tapestry
“With new designs and colors, we are in a position to get better margins. Also, no one has similar products and hence customers come to us for a distinct style of Persian and Iranian patterns,” Kavita says.

The company is in talks with consultants to strategize. It is also on the lookout for opportunities in different line of products. With that in mind, it has the company has introduced poofs—small cushions placed on sofas and pillows.

Chaudhary wants to introduce a whole range of products for interior designing under the Jaipur Rugs brand name. “Once we understand the customer better, we will be able to penetrate the market and add more products,” informs Kavita. The company, though hesitant to open retail stores, is heading to 10 new destinations abroad such as Denmark, Egypt, etc. These countries will add to its 1700-plus customer base, including large companies such as Crate & Barrel, and Pottery Barn.

‘Find yourself’
For a man with no formal education and who cannot speak English fluently, Chaudhary has accomplished a lot. He is invited to talk at Wharton and Kellogg, and even has his own management theory, ‘Finding yourself by losing yourself’. His philosophy is simple—Create value for the weaver’s work. “Only a happy weaver can make a happy product,” he reasons.

Well knit indeed.