

# An Assessment of Logistics Services of Handicraft Emporiums (with Special Reference to Udaipur City)

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*: The handicrafts industry is one of the industries that are rapidly growing. The demand for Indian handicraft arts, including metalware, woodware, hand-printed textiles and scarves, besides zari goods and imitation jewellery is increasing in America and many prominent European markets. The key issue with logistics is that it must deliver products to a customer at the time, method and cost to satisfy that particular customer's requirements. Udaipur's handicraft sector's ability to capture the benefits of the globalizing economy can be enhanced by an improvement in the logistics systems. There is presently a costly fragmentation of modes of transport – road, sea, rail, air. The results are three-fold: barriers to transport which have to change mode, economic inefficiency and high social and environmental cost. Efforts should be made in framing and implementing a policy which will help in moving away from isolated, individual modes towards a cohesive and unified framework for transport systems. The research paper is also an attempt to evaluate the role of logistic services in handicraft exports in Udaipur city. The results of this study show that Udaipur logistics market is not highly organized and reluctant. The results also indicate that the logistic services of Handicraft Emporiums are satisfactory and the handicraft sector has enormous opportunities to grow beyond the expectations if it utilizes logistic services effectively.*

**KEYWORDS:** *Handicrafts, Logistics services, Exports.*

## 1. INTRODUCTION

Handicraft, also known as craftwork or simply craft, is a type of work where useful and decorative devices are made completely by hand or using only simple tools. Usually the term is applied to traditional means of making goods. The individual artisanship of the items is a paramount criterion, such items often have cultural and/or religious significance. Items made by mass production or machines are not handicrafts.

Usually, what distinguishes the term handicraft from the frequently used category arts and crafts is a matter of intent: handicraft items are intended to be used, worn, etc, having a purpose beyond simple decoration. Handicrafts

are generally considered more traditional work, created as a necessary part of daily life, while arts and crafts implies more of a hobby pursuit and a demonstration/perfection of a creative technique. In practical terms, the categories have a great deal of overlap.

## INDIAN HANDICRAFTS

The concept of Indian Handicrafts has emerged from one of the oldest civilizations called the Harrappan Civilization or the Indus Valley Civilization. The exclusive items carved by the India Handicraft Industry comprise of vast cultural and ethnic diversity that has imbibed an array of

unique themes, techniques, and crafts. India Handicraft Industry has been globally popularized as the rich and cultural heritage of India for its unique appeal. Handicrafts of India use brass, metal, wood, stone, and beads to carve its products ranging from masterpieces to plain household items. Paintings, furniture, sculptures, artificial jewelry, animal figures, figurines of deities and idols, baskets, and many more items have been complimented as the pride of India. Besides, trading in the local markets, Indian handicrafts are also exported across the globe. Each work of art reflects the adroitness and emotions of the craftsmen which have made the work more close to heart apart from being an exclusive show piece.

### Prospects of Handicrafts With Reference to Export

Handicrafts sector occupies an important place in the Indian economy as it contributes significantly to employment generation and export earnings. The economic importance of the sector also lies in its high employment potential, low capital investment, high value addition and continuously increasing demand both in the domestic and overseas markets. The sector provides employment to more than 60 lakh craft persons mostly from rural areas. Exports of Handicrafts have been rising consistently at an average of 15 per cent per annum for the past decade,” says Sanjay Agrawal, development commissioner (handicrafts), Ministry of Textiles. “In fact, total exports of handicrafts during 2005-06 were in the range of \$3.6 billion against \$2 billion during 2000-01” (Handicrafts and Paintings, 2006). The most popular exports are of art metal ware, wood ware, hand-printed textiles and scarves, embroidered and crocheted goods, shawls, zari products and imitation jewellery.

- i. Exports - category wise: India’s exports of handicrafts (excluding hand knotted carpets) in 2008-09 registered a significant growth of 24.53 per cent over the previous year when the same reached a level of Rs. 13,033 crore as against Rs. 10,465 crore. Category wise exports of handicrafts in 2008- 09 embroidered and crocheted goods continue to hold the numerouno position. In 2008-09, their exports registered a significant growth of 27.81 per cent over the previous year when the same reached a level of Rs. 4,200 crore as against Rs. 3,286 crore. A glance at the table further reveals that exports of all the major categories during the period registered a steep growth, e.g. Art metal wares (27.34%), Misc. handicrafts

(25.84%), Shawls as art ware (23.99%), Imitation jewellery (23.88%), Zari and zari goods (19.83%), Wood ware (18.41%), and Hand printed textiles and scarves (14.73%). The Ministry of Commerce, Government of India has fixed an export target of Rs. 14,000 crore for the year 2008-09 (Handicrafts and Paintings, 2009).

- ii. Exports—Country wise: As per the data, USA continues to be the largest market for Indian handicrafts. Exports to this market in 2008-09 registered a significant growth of 20.49 per cent over the previous year when the same reached a level of Rs. 3,857 crore as against Rs. 3,201 crore. The other markets witnessing a phenomenal growth during the period comprised: Germany (43.08%), UK (32.39%), Switzerland (31.13%), and Netherland (26.80%). India's exports of handicrafts to major countries during 2005-06 & 2008-09 (excluding hand knotted carpets) (Handicrafts and Paintings, 2009).

#### CONCENTRATION OF MAJOR HANDICRAFTS IN INDIA

| Name of the craft            | Major places of concentration                                                        |
|------------------------------|--------------------------------------------------------------------------------------|
| Artmetalwares                | Moradabad, Aligarh, Jodhpur, Jaipur, Thanjavur, Chennai, Beedar Jagadhari, Jaisalmer |
| Wooden artwares              | Saharanpur, Jaipur, Jodhpur, Hoshiarpur, Amritsar (Punjab), Ahmedabad, and Rajkot    |
| Hand printed textiles        | Jaipur, Jodhpur, Bhuj (Gujarat), Farrukhabad                                         |
| Embroidered goods            | Barmer, Jodhpur, Jaipur, Jaisalmer, Kutch, Lucknow, Agra, Amritsar, etc.             |
| Marble and soft stone crafts | Agra, Chennai, Baster and Jodhpur                                                    |
| Papier Mache crafts          | Kashmir, Jaipur                                                                      |
| Terracotta                   | Rajasthan, Chennai, Baster, Surat, Bareilly, and Varanasi                            |
| Zari & zari goods            | Varanasi, Amritsar, Agra, Jaipur and Barmer                                          |
| Artistic lather goods        | Kolhapur, Indore, Barmer, Shanti Niketan (West Bengal)                               |
| Imitation jewellery          | Delhi, Moradabad, Jaipur, Kolhapur, Indore and Barmer                                |

Source: Export Promotion Council for Handicrafts, New Delhi.

#### Handicrafts of Rajasthan

Apart from its famous forts and palaces, Rajasthan is quite known for its handicrafts also. Reflecting the rich culture of the state, handicrafts of Rajasthan retain their uniqueness. Adding to the attraction of Rajasthan, Rajasthani handicrafts serve as an outlet for the creativity of the Rajasthani people. The following lines tell us more about Rajasthan, India handicrafts (Rajasthan – Lesser Known destinations, 1999):

- A. Handmade Jewelry : The traditional handmade jewelry of Rajasthan consists of rakhri, gokhru, timamyan, bala, bajuband, etc. One of the famous jewelry works of Rajasthan is Meenakari, enameled gold and silver jewelry.
- B. Blue Pottery Craft : Blue pottery makes use of quartz, along with sodium sulphate, multani mitti (clay) and raw glaze. It is a Persian art form, first introduced in the state by Maharaja Ram Singh. The most known place for blue pottery in Rajasthan is Jaipur. Blue, green and white are the colors mainly used.
- C. Rajasthan Quilts : The place in Rajasthan most famous for quilts is Jaipur. The specialty of these quilts is that they are of high quality and are as light and soft as a feather. They are available in a number of varieties like cotton block printed, velvet printed, etc.
- D. Mojari / Juti : Mojari/Juti are Rajasthani footwear made up of leather and having exquisite embroidery. The pattern and design of embroidery varies from region to region. However, Jaipur and Jodhpur are the places most famous for mojari.
- E. Wooden Furniture : Carved wooden furniture has different styles in different parts of Rajasthan. The most famous work on furniture is the latticework. Jodhpur and Kishangarh are known for carved caskets, screens, doors, chairs, etc.
- F. Marble Crafts : The marble crafts of Rajasthan consist of carved wall hangings, statues of god and goddesses, furniture, sculptures, tabletops, fountains, vases, statues, fireplaces, etc in marble.
- G. Ivory : If you visit Rajasthan, you will see most of the womenfolk wearing ivory bangles. The wearing of these bangles is considered to be a symbol of good omen. The ivory is inlaid and molded into beautiful shapes.

quite known for its handicrafts and has a major share in Handicrafts exports from India. Udaipur, being an integral part of Rajasthan and Cultural Capital of Mewar, holds a significant place in exporting its arts and crafts across the globe.

Handicrafts typical to Udaipur are mainly Enameled Items, White Metal Items, Meenakari, Wooden Furniture, Bone Inlay, Aluminum Articles Accessories, Marble and Sandstone Handicrafts, Brass artifacts, Paintings on cloth, Decorative Marble Paintings and Glass Work. There are a significant number of handicrafts exporters in Udaipur and total revenue generated by all of them through exports is approximately 60-70 crores annually. The bulk part of revenue is earned by Mangalam Arts, which is 12 crores approx. Some of the major exporters and revenue generated by them has been depicted in the table below-

**TABLE 1.** Major Handicraft exporters of Udaipur and revenues earned by them annually

| S.no. | Exporter          | Revenue earned (in crores) | S.No. | Exporter               | Revenue earned (in crores) |
|-------|-------------------|----------------------------|-------|------------------------|----------------------------|
| 1     | Managalam Arts    | 12                         | 7     | Mewar Arts             | 2                          |
| 2     | Mayura Arts       | 10                         | 8     | Ashoka Arts            | 2                          |
| 3     | Gem Arts Emporium | 10                         | 9     | Pushpa Arts and Crafts | 1                          |
| 4     | Pushpa Artifacts  | 4                          | 10    | Natural Handicrafts    | 1                          |
| 5     | Indian Arts       | 4                          | 11    | Silver Crafts          | 1                          |
| 6     | Apollo Arts       | 4                          | 12    | Royal Arts             | 1                          |

#### *Handicrafts of Udaipur*

Handicrafts sector occupies an important place in the decentralized or unorganized sector of the Indian economy, as it contributes significantly to employment generation and export earnings. The economic importance of the sector also lies in its high employment potential, low capital investment, high value addition and continuously increasing demand both in the domestic and overseas markets. Originally started as a part-time activity in rural areas, it has now transformed into a flourishing economic activity, due to significant market demand over the past few years. As it has been discussed earlier, Rajasthan is

As it can be seen from the above table, the top three exporters are Mangalam arts, Mayura Arts and Gem arts followed by Pushpa artifacts, Indian arts and Apollo Arts. Besides these there are a number of small enterprises engaged in handicraft exports. The demand for handicrafts comes to a great extent from America, UK and many other prominent European markets and this calls for a whole mechanism of efficient logistic services. The logistic services employed in export of crafts from Udaipur and their effectiveness in doing so will be discussed in the following chapters of the report.

### Logistics

A widespread idea prevails that logistics is 'movement of goods'. That is a narrow concept. Logistics is much more and much wider than mere physical handling of goods. Logistics involves several other functions such as purchasing, plant location, plant layout, etc., and even the disposal of wastes. It covers astonishingly varied professional disciplines. They are (Bardi, Edward J., 2008):

- Facility location
- Planning
- Forecasting and order management
- Transportation: the mode and the route
- Inventory management: all inventories
- Warehousing
- Protective packaging
- Information: maintenance and flow

The term "logistics" originates from the ancient Greek "λόγος" ("logos"—"ratio, word, calculation, reason, speech, oration"). Logistics is considered to have originated in the military's need to supply themselves with arms, ammunition and rations as they moved from their base to a forward position. In ancient Greek, Roman and Byzantine empires, there were military officers with the title 'Logistikas' who were responsible for financial and distribution of supplies.

The Oxford English dictionary defines logistics as: "The branch of military science having to do with procuring, maintaining and transporting material, personnel and facilities." The most wide spread definition from council of Logistics Management says that "Logistics is the part of the supply chain process and plans, implements and controls the efficient, effective flow and storage of goods, services and related information from the point of origin to the point of consumption in order to meet customers requirements."

A simple definition is: "Logistics is the delivery of the required goods, at required place, at required time, in required state and to the required person...efficiently."

### Importance of Logistics Services

Logistics is the one important function in business today. No marketing, manufacturing or project execution can succeed without logistics support. For companies, 10 per cent to 35 per cent of gross sales are logistics cost, depending on business, geography and weight/value ratio. Logistics is comparatively a new term, but not the operation. Logistics has existed since the beginning of civilization. Raw material and finished products had always to be moved, though on a small scale. Things began

changing with the advance in transportation. Population began moving from rural to urban areas and to business centers. No longer did people live near production centers, nor did production take place near residence centers. The geographical distance between the production point and consumption point increased. And logistics gained importance. Another factor has come into play recently. Since the early 1990's, the business scene has changed. The globalization, the free market and the competition has required that the customer gets the right material, at the right time, at the right point and in the right condition at the lowest cost (Bayles, D.L., 2000).

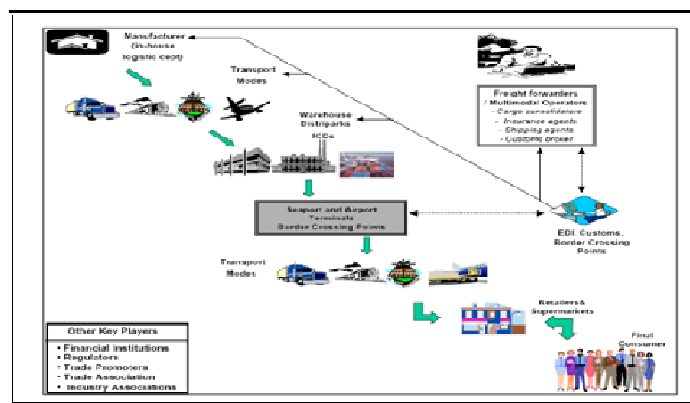


FIGURE A. Logistics Flow Chart

Logistics, perhaps more than any other function, impacts and interacts with many different departments in a company. Consider five key issues with logistics:

- Movement of Product
- Service/Time
- Cost
- Movement of Information
- Integration, within your company, with customers and with vendors.

### Methodology

The present study is based on primary data which have been collected with the help of a well designed and structured questionnaire. For achieving the research objectives, which are stated below, the Descriptive Research method was adopted. For this study a sample of 12 suppliers were taken which are the pivotal Handicrafts Exporters of Udaipur City. The questionnaire contains 14 major questions. The following are the objectives for this research paper undertaken:

- To study what kind of logistics approach is available in Udaipur and is being used for export.

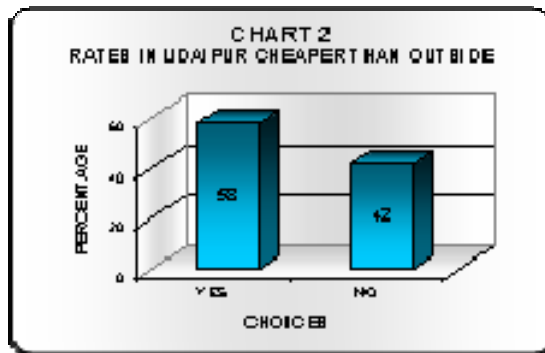
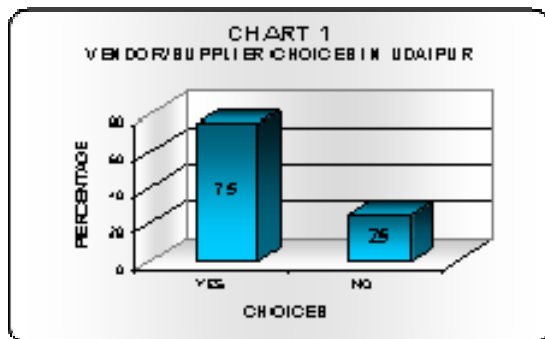
- To study at what extent this sector in Udaipur is organized and unorganized.
- To explore the future opportunities in this sector.

#### *Analysis and Interpretation*

Analysis and interpretation of the research paper is given below. The analysis is bifurcated in terms of the questions which were asked to the respondents (Exporters).

1. Do you have enough vendor/supplier choice in Udaipur?

- a) Yes – 75 %                      b) No – 25 %



The above bar diagram indicates that 75% of the handicraft exporters of Udaipur are of the view that enough vendor/supplier choices for logistics are available in the city, while 25% of them feel that number of suppliers is insufficient.

2. Does rates offered by logistics companies outside Udaipur cheaper as compared to rates provided by Udaipur local agents?

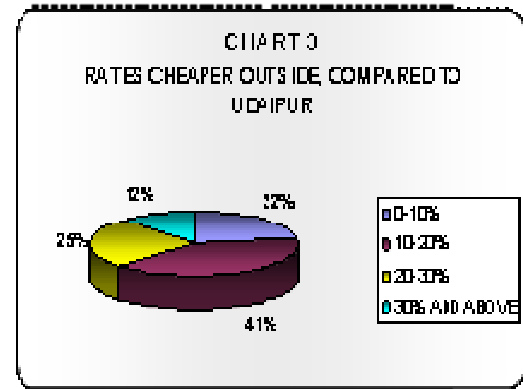
- a) Yes – 58 %                      b) No – 42 %

According to the above bar diagram, 58% of handicrafts exporters are of the view that logistics rates outside Udaipur are cheaper compared to those provided in the city at present, while 42% are content with the present logistics rate and feel there is no significant difference in rates.

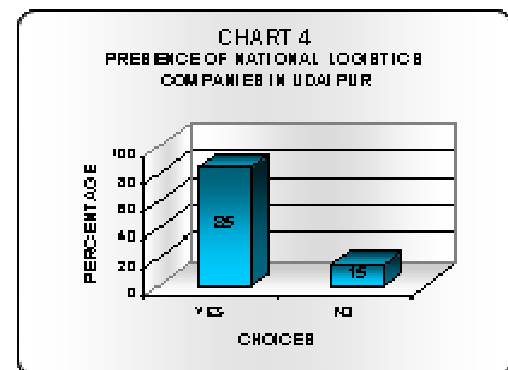
3. If yes, then the rate is:

- a) 0-10 percent more cheaper – 22 %  
b) 10-20 percent more cheaper- 41 %

- c) 20-30 percent more cheaper- 25 %  
d) 30 percent and above – 12 %



The above pie diagram further elaborates the view of those handicrafts exporters who feel that the logistics rates outside Udaipur are cheaper than in Udaipur. 22% of them feel that rates are 0-10% cheaper, 41 % feel that rates are 10-20% cheaper, 25% feel rates are 20-30% cheaper and just 12% are of the view that rates are 30% and above cheaper, than those prevailing in Udaipur.



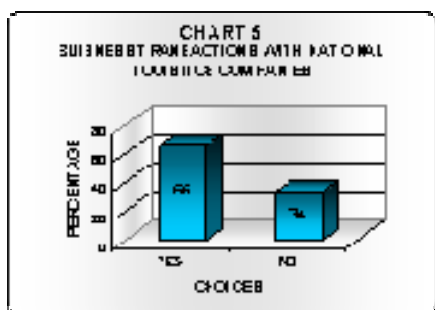
4. Does Udaipur have presence of national logistics companies?

- a) 85 %                                      b) 15 %

When the question was asked about the presence of national logistics companies in Udaipur city, 85% of the handicrafts exporters came up with an affirmative answer, while 15% said national logistics companies are absent in Udaipur. This has been depicted with the help of above bar diagram.

5. If yes, then do you have business transactions with them?

- a) Yes – 66%                                      b) No – 34%

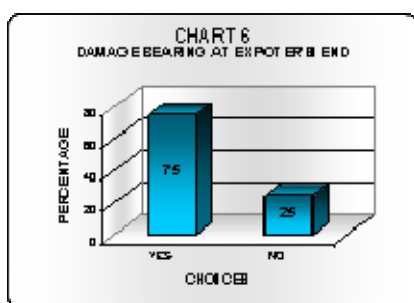


Above bar diagram shows percentage of handicraft exporters having business transactions with national logistics companies. Here it is noteworthy that the handicraft exporters are those who said national logistics companies are present in Udaipur. Amongst them 66% said they have business transactions with national companies, while 34% answered in negative.

6. Do you bear logistics cost at your end if there is any damage caused during transportation ?

a) Yes – 75 %

b) No – 25 %



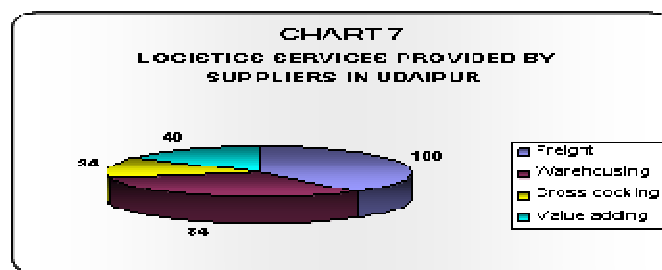
Above bar diagram shows the percentage of handicraft exporters who bear damage cost incurred during transportation at their end. 75 % of the handicrafts exporters bear damage cost at their ends, while 25% of them don't. Their damage cost is handled by logistics services providers.

7. Which are the logistics services provided by vendors/suppliers in Udaipur ?

| S. No. | Service       | Percentage |
|--------|---------------|------------|
| 1      | Freight       | 100        |
| 2      | Warehousing   | 84         |
| 3      | Cross docking | 34         |
| 4      | Value adding  | 40         |

The pie chart above shows the service offer of logistics service providers in Udaipur. The chart shows that exporters in Udaipur are of the view that 100% of the logistics services providers provide freight service and almost 84% provide Warehousing and 34% Cross docking.

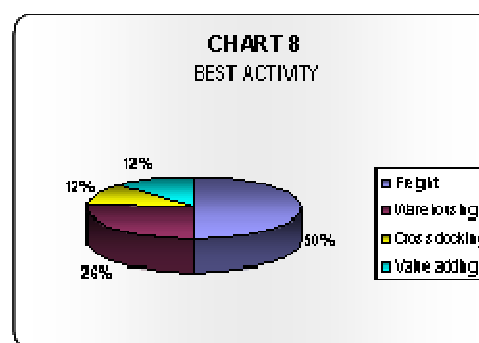
Only 40% provide value adding services. It includes packaging, labeling etc.



8. Which is the area of activity, in which the logistic services in Udaipur is best ?

| S. No. | Service       | Percentage |
|--------|---------------|------------|
| 1      | Freight       | 50%        |
| 2      | Warehousing   | 26%        |
| 3      | Cross docking | 12%        |
| 4      | Value adding  | 12%        |

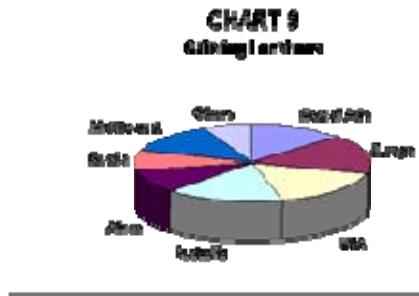
The pie chart above shows the best activity provided by logistics services providers of Udaipur in their operations, according to handicrafts exporters. The pie chart shows 50% of exporters feel that freight is the best activity provided by logistics vendors/suppliers, followed by 26% votes to warehousing and 12% -12 % to both cross docking and value adding.



9. What are the locations to which logistics services in Udaipur caters to ?

| S. No. | Catering Locations | Percentage |
|--------|--------------------|------------|
| 1      | Rest of Asia       | 80         |
| 2      | Europe             | 100        |
| 3      | USA                | 100        |
| 4      | Australia          | 100        |
| 5      | Africa             | 60         |
| 6      | Russia             | 50         |
| 7      | Middle east        | 80         |
| 8      | Others             | 40         |

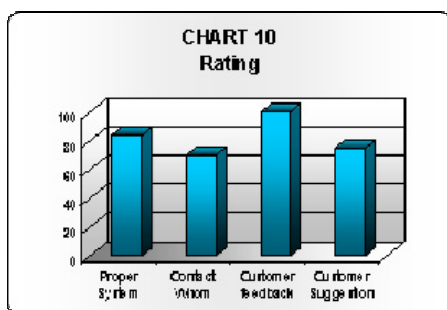
The pie chart above shows Udaipur's logistics services provider's catering locations in the world. The chart shows that 100% of the providers cater to USA, Europe and Australia, followed by 80% to rest of Asia and Middle East, 60% to Africa and 40% to other regions or countries. It also helps in inferring that USA, Europe and Australia are the biggest importers of Handicrafts and other products of Udaipur.



10. Does the vendors/suppliers have proper system for handling customers, and do you know whom to contact when a problem arises, ascertain the level of feedback by you and is your suggestion given preference by the vendors/suppliers?

| S. No. | Services            | Rating |
|--------|---------------------|--------|
| 1      | Proper system       | 84     |
| 2      | Contact whom        | 70     |
| 3      | Customer feedback   | 100    |
| 4      | Customer suggestion | 75     |

The above chart shows that logistics services providers of Udaipur have a moderately proper system for handling customer complaints. It has been revealed that a rating of 84 has been given to the aspect that sample customers feel there is proper system for handling customer complaints. Whom to contact in case of complaints is having rating of 70. This means quite a low number of customers are aware about the person or authority to be contacted when a problem arises. Customer feedback and customer suggestion is having rating of 100 and 75 respectively.



## CONCLUSION & SUGGESTIONS

The demand for Indian handicraft arts, including metalware, woodware, hand-printed textiles and scarves, besides zari goods and imitation jewellery is increasing in America and many prominent European markets. As per the exporters, logistics services running presently are quite effective in this aspect. Also, information integration between the exporter and logistic service providers which is needed in serving customers best, and best conduct of business is also good. Udaipur's handicraft sectors's ability to capture the benefits of the globalizing economy can be enhanced by an improvement in the logistics systems. As per the handicraft exporters, the present scenario and the future of the logistic services with regard to the management are satisfactory. But the sector still has potential to improve with more state of art technology because technology is a key factor today. The use of personal computers, E-mail, EDI, bar-coding, and more is increasing day by day. But still, logistic services lack behind in the use of information technology. If used intelligently it can be useful in saving a large amount of time, cost as well as communication barriers. These should not be optional. Their use will surely enhance logistic effectiveness.

Thus to sum up, the role of logistic services in handicraft exports has been quite satisfactory till date. The logistic services are working nicely in catering the customer requirements, shipments move timely, various modes of transport are available easily and their cost effectiveness is satisfactory.

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