

## “ODOP SCHEME FOR LOCAL CRAFT GOVERNANCE: ‘CHIKANKARI’ ENTREPRENEUR’S PERSPECTIVE”

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### Abstract

State Government of Uttar Pradesh in India, launched 'One District One Product' (ODOP) scheme to preserve, develop the medium and small scale enterprises and increase income and local employment in 75 districts of Uttar Pradesh. The Government's agenda behind the scheme was a more significant number of employment opportunities for the youth & strengthening the inclusive and sustainable development of the state. The scheme aimed at encouraging domestic and specialized products & crafts. Under the scheme, the Government made a provision of Rs. 250 Crores or 46.3 million U.S. dollars under its budget 2018-19. Among the 75 districts of the state, the capital is Lucknow, which is known for *Chikankari* work under the ODOP scheme. The presented case study is based on the scheme and entrepreneurs related to *Chikankari* work. The purpose of the presented case study is to discover the ODOP scheme, the *chikankari* entrepreneurs' awareness and attitude about the scheme. The case study also analyses the possible impact of the recent development in the ODOP scheme on the local craft entrepreneurs.

In this market-driven, research-based case study, the primary data was collected from *Chikankari* entrepreneurs about their awareness and attitude towards the scheme. During the study, the respondents were approached for data collection, and for the study, a semi-structured schedule was used. The data from 28 entrepreneurs were collected, compiled, and explained in detail for problem identification and analysis.

During the study, the respondents were not well aware of the scheme, and they mentioned the various challenges they faced, such as soaring prices, non-availability of skilled workforce, and the Impact of Goods & service tax. After an explanation by researchers about the scheme, they discussed the support they require from the ODOP scheme.

Besides contributing to literature about government policy and entrepreneurship, this case study presents the respondents' attitude towards the scheme launched by the Government.

**Keywords:** Government Policy & Regulation; ODOP, *Chikankari*, India, Attitude,

### INTRODUCTION

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Micro, small and medium enterprises (MSME) are the most common enterprises in many countries, including India. MSME contributes not only to the economic development of the nation but also in employment generation and directly alleviates poverty (Jahanshahi, Nawaser, Sadeq Khaksar, and Kamalian, 2011). In the last five years, the contribution of only manufacturing MSMEs in India was 33% in terms of the Gross Value of Output (Gudi & Shinde, 2020).

There are registered as well as unincorporated organizations in India (Saxena & Jagota, 2015). It is observed that 5.43 Lakh out of 17.79 lakh registered organizations in India were closed in 2018 due to various issues and challenges. According to the Ministry of Statistics & Programme Implementation (2015-16), there are 633.48 lakhs unincorporated non-agriculture MSME operating in India and the maximum 14.20% MSMEs are from the state of Uttar Pradesh (Gudi & Shinde, 2020). If due to issues and challenges, these unincorporated entities also move towards closure, it would be a threat to economic activities, employment opportunities, and poverty alleviation. Thus, supporting them with relevant policy through proper governance is the need of the hour to protect these MSMEs.

Uttar Pradesh, one of the largest states among 29 states and seven union territories in India, has 75 districts across the state. Uttar Pradesh's Government launched a unique scheme named 'One District One Product,' i.e. (ODOP) for promoting micro, small and medium enterprises operating in the state along with encouraging entrepreneurship, supporting existing entrepreneurs, ultimately leading to better economic growth and employment opportunities in the state. MSME sector in the state has scored the most substantial contribution after agriculture towards share in G.D.P. of the country. There are about 46 lakh units across state with unique products from almost every district of the state.

The state contributes to the export of handicrafts and has a 44% share in the total export of handicrafts from the country. Apart from it, U.P. state contributes 39% share in carpet exports and a 29% share in leather and leather products related to India's export. It has more than a 4% share in the overall export from the country<sup>15</sup>As each district is known for some sort of handicraft or MSME units, there is a requirement of promoting these ventures through marketing efforts leading

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<sup>15</sup><http://odopup.in/en/page/brand-odop> accessed on May 18, 2019, at 3.32 pm.

to better employment opportunities and increasing the existing income levels of the workers/artisans associated in these sectors.

According to an article published in Business Standard, Uttar Pradesh launched this scheme 'ODOP' after learning lessons from the success of Japan and Thailand in securing socio-economic growth by promoting traditional industries. The scheme ODOP was launched on August 10, 2018. Later, during a summit in September 2018, Memorandum of Understanding (MoU) was exchanged between different companies/ professional bodies and State Government of Uttar Pradesh for marketing & capital support, skills training, and other institutional aids. These organizations include Wipro G.E. Healthcare, Amazon, National stock exchange (NSE), Bombay Stock exchange (B.S.E.), and Quality control of India (Q.C.I.).<sup>16</sup>

This scheme will be S.O.P. for Micro, small & medium enterprises owned by especially by weaker sections of the society and minorities. The scheme ODOP can generate employment at the local level and support the revival of known products and artifacts from the state. The purpose of the presented case study is to discover the ODOP scheme, the chikankari entrepreneurs' awareness, and attitude about the scheme. The case study also analyses the possible impact of the recent development in the ODOP scheme on the local craft entrepreneurs.

#### **About the Scheme:**

The Government of Uttar Pradesh launched the 'One District One Product' scheme to encourage indigenous products and crafts. The innovative concept is based on the distinct identity of handicraft, agro, and processed products of different states' districts. The scheme would help achieve the objectives of all-inclusive, continuous, and balanced growth & development of the state involving optimal utilization of local resources. Different objectives of the scheme are listed in annexure I. Government of Uttar Pradesh made a provision of Rs. 250 Crores or 46.3 million U.S. dollars under its budget 2018-19 under this scheme.

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<sup>16</sup>[https://www.business-standard.com/article/economy-policy/up-govt-announces-sops-for-sc-st-minority-entrepreneurs-under-odop-scheme-118091100681\\_1.html](https://www.business-standard.com/article/economy-policy/up-govt-announces-sops-for-sc-st-minority-entrepreneurs-under-odop-scheme-118091100681_1.html) accessed on May 21, 2019, at 11.34 am.

Under this scheme, the Government would provide approximately 25% subsidy on project cost to new entrepreneurs for setting up a business under ODOP. The subsidy would be given as margin money initially through commercial banks, which would later be converted into a grant on running the business successfully for two years.

The loan sanction letters would be distributed under various schemes like MUDRA, PMEGS, Start-up India, and many more. The state government is in touch with Amazon to provide marketing support to traditional industries in nine districts, including Varanasi, Allahabad, Lucknow, and Gorakhpur. <sup>17</sup>During the summit, various announcements regarding steps taken were made for the scheme. Under the scheme, the men and women entrepreneurs will be offered subsidized loans up to Rs. 1 lakh and 1.5 lakh. Several ODOP outlets and clusters in public places. The Government has decided to establish conventional facility centres (C.F.C.) in each of 75 districts of the state. Apart from it, to promote the scheme, stamp duty exemptions would be offered to entrepreneurs who set up their business under the ODOP scheme. Amazon, the e-commerce giant, would sell the Khadi products on its portal under the brand name “UP Khadi” along with offering marketing support and training to artisans and small business owners from several districts under the scheme. <sup>18</sup>

The implementation of this scheme would be reviewed periodically by the District Magistrate at the district level along with Infrastructure and Industrial Development Commissioner at the state level. Different Stages involved in the scheme are given in Annexure-II. Among the 75 districts of Uttar Pradesh, the capital is Lucknow, which is known for *Chikankari* work under the ODOP scheme. The presented case study is based on the scheme and entrepreneurs related to *Chikankari* work.

#### **About the *chikan* embroidery:**

*Chikankari* is a very delicate embroidery mostly liked by Mughals in the beginning. It showcases the glory of discipline and through its artwork (Mishra, 2016). The uniqueness of *chikankari* work

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<sup>17</sup><https://knnindia.co.in/news/newsdetails/state/president-kovind-launches-up-govts-one-district-one-product-odop-scheme> accessed on June 2, 2019, at 11.10 am

<sup>18</sup><http://lucknowpulse.com/one-district-one-product-summit/> accessed on June 4, 2019, at 3.10 pm

is about its stitches. Each stitch is used only with a distinct discipline, different from European embroidery<sup>19</sup>. *Chikankari* has six stitches which further has 36 substitches including Bijali, Bakhiya, Banjkali, Bulbul-Chasm, Ghaspatti, Hathkadi, Hool, Jali, Karan, Kangan, Kuri, Makra, Madrazi, Mahakari, Pechani, Rahet, Razan, Sazi, Tajmahal, Tepchi, Zanzeera, etc. (Chantia, 2017).

Initially, the work was done using white thread on white muslin or cotton fabric with pastel shades (Bhardwaj, 2014; Sharma 2015) but now is also done with coloured threads on different coloured fabric with a combination of zari-zardozi and gotta Patti work. With 2.5 lakh artisans of hand embroidery, *chikankari* work from Lucknow is considered as the most significant artisan cluster in India. *Chikankari* work at present reached the most corners of the world due to its preference by the fashion industry (Vedia, 2017). Its popularity and the pace of export forced policymakers to think about its cluster (Chantia, 2017).

Ahmad & Anees (2016) mentioned in their work that the *chikankari* entrepreneurs experience different challenges, including technological obsolescence, fragmented processes, increasing presence of Chinese *chikan* products, dwindling exports, and inadequate marketing measures in the industry. They also suggested that the problems can be solved with the sincere efforts between the Government, private organizations, and the Lucknow *Chikan* Handicraft Association.

Chantia (2017), also mentioned about some of the weaknesses the *chikankari* industry is facing such as overproduction of low-quality goods, no technological up-gradation, lengthy production time, no fixed time for the return of goods from embroidery, unorganized artisans cluster, poor fund flow from financial institutions and poor advertisement in Foreign markets.

### **Chikan Embroidery and ODOP**

The state government of Uttar Pradesh, through the department of micro, small and medium enterprises (MSME), has identified six cities, including Lucknow, to focus on the initial stage of the scheme.<sup>20</sup> They planned to handle each city every month and organize events accordingly. They

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<sup>19</sup>The Hindu October 12, 2012. *Chikankari* Embroidery

<sup>20</sup><http://www.chikankari-news.com/chikankari-1st-product-to-be-promoted-under-odop-lucknow-news-times-of-india/> accessed on May 18, 2019, at 2.51 pm.

had a meeting with the experts on the promotion of *chikankari* work, including exporters, Lucknow Management Association, few designers, and other experts form professional bodies to find ways to offer better universal appeal to *chikankari* work. A meeting between a buyer-seller and the manufacturers, exporters, and artisans of *chikan* work is asked to set up an exhibition at Awadh Shilpgram, an exhibition centre at Lucknow. The Government also distributed Rs 1,000 crore to around 10,000 recipients from eight districts to ensure the implementation of ODOP, i.e., One District-One Product scheme. This loan amount was distributed under various government schemes like PM Mudra Yojana, Stand Up India, PM Rozgar Yojana, CM Employment Generation Programme, etc.<sup>21</sup>In this presented case study, the *Chikankari* entrepreneur's awareness and attitude towards the scheme 'One District One Product' have been studied.

## RESEARCH METHODOLOGY

In this market-driven ethnographic research-based case study, the researcher interacted with *chikankari* entrepreneurs during routine purchases from the old markets of Lucknow city. The primary data has been collected from *Chikankari* entrepreneurs about the issues and challenges they were facing in maintaining the prices of work that they manufacture. They opened up a little bit, and then they were asked about the scheme 'ODOP' as the author was involved in the scheme's study. During interaction with respondents, their awareness and attitude towards the scheme were observed. The primary data was collected using a semi-structured schedule from 28 entrepreneurs, compiled and explained in detail for further analysis.

## ANALYSIS

Out of 28 respondents, all had their business registered, and they pay Goods and service tax accordingly. One of the respondent's families is involved in *Chikankari* work from the last 140 years; thus, they were quite enthusiastic about sharing the details. The other demographic profile of the respondents are given below in Table I:

Table I: Profile of the respondents

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<sup>21</sup><https://timesofindia.indiatimes.com/city/lucknow/10000-artisans-to-get-loan-at-odop-event-in-up/articleshow/66398840.cms> accessed on June 2, 2019, at 4.10 pm

Criteria	Min.	Max.	Mean
No. of years in this business	6 years	140 years	23.3 years
No. of People involved in business	2	11	6
Annual Turnover	6 lakh	48 lakh	15.76 lakh

Source: Author's compilation

During interaction with *Chikankari* entrepreneurs, the following observations have been made, which are part of the challenges they are facing:

1. Soaring prices: This embroidery work is quite famous, and it requires people to be very careful while preparing designs. With the demand for quality embroidery, the prices also get high, due to which the total cost of the item becomes high. It ultimately affects the total sale of the products.
2. Non-availability of the skilled workforce: It has been observed that sometimes to prepare one dress, a worker needs to be involved for 3 to 4 days and even more, but the price per piece of embroidery is found to be as Rs. 250, the one-day minimum wage for skilled labour or sometimes even lesser. It forces the workers to think about alternate arrangements for their livelihood. These days, E-rickshaw's usage has increased in the city, and the driver saves nearly around Rs. 500 per day. Thus they prefer alternate arrangements for generating income.
3. Impact of G.S.T.: The Government of India introduced Goods & service tax in the country. The *Chikankari* embroidery is a handicraft work, and G.S.T. is also applicable to it. After the implementation of this tax, the price of items also increased; it affected the work demands as the customers are not willing to pay more for the same kind of work. It ultimately forced at least 60% less productive than before the implementation of G.S.T.
4. Awareness about ODOP: 60% of respondents out of all are somewhat aware of the scheme, whereas others say that they have no idea how their business would benefit. Among them, 20% of people are very active in their association, and they even have ideas in their minds, which the concerned department must invite and brainstorm to benefits the entrepreneurs and this industry.
5. Support required form ODOP: The respondents, who are aware of the scheme ODOP, discussed the possibility of better use and implementation. They mentioned that they also

experience threats from the Chinese market as the somewhat same work is being done in the Chinese market form machine, and the cloth georgette famous for *Chikankari* work is imported form the Chinese market. The respondents also suggested some of the support they require from the Government through the scheme. They mentioned that Chickankari hub with the Export promotion council would help to have better-organized clusters. By organizing fairs in different countries where the maximum export of *chikankari* work takes place can also be planned. Apart from its training and support of direct sales would be required.

### **Recent Development in ODOP:**

To promote MSME entrepreneurs through the 'One District One Product' scheme, the Government of the U.P. state collaborated with e-commerce giant Amazon India. A 'Memorandum of Understanding' was signed to provide an online platform to the sellers from the selected districts of Uttar Pradesh. Through its social media online platform, Amazon India declared that it would invite approximately 300 sellers from the MSME industry, especially local traders of nine districts, to progress through online selling.<sup>22</sup> Initially, the program 'KALA HAAT' by Amazon India, entrepreneurs from nine districts were invited; however, later, it has been introduced to lakhs of weavers, artisans, and craftspeople from different clusters of state and Nationwide too.<sup>23</sup> This initiative will help MSME entrepreneurs to leverage the digital platform to scale and access local and global markets. Amazon would offer training, account management guidance, marketing tools, and world-class infrastructure of storage and delivery network to support these entrepreneurs to

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<sup>22</sup> Economic Times (2018). Amazon inks M.O.U. with UP Govt. to boost MSME Entrepreneurs. <https://economictimes.indiatimes.com/small-biz/startups/newsbuzz/amazon-inks-mou-with-up-govt-to-boost-msme-entrepreneurs/articleshow/65356041.cms> accessed on December 19, 2019, at 1.28 pm

<sup>23</sup> Business Standard (August 2018). From Banarasi saris to Kanpur leather, the UP crafts industry gets Amazon boost. [https://www.business-standard.com/article/economy-policy/from-banarasi-saris-to-kanpur-leather-up-crafts-industry-gets-amazon-boost-118081001026\\_1.html](https://www.business-standard.com/article/economy-policy/from-banarasi-saris-to-kanpur-leather-up-crafts-industry-gets-amazon-boost-118081001026_1.html) accessed on December 19, 2019, at 3.28 pm



progress using the online platform. These nine districts included Varanasi, Bhadohi, Kanpur, Lucknow, Agra, Aligarh, Moradabad, Meerut, and Saharanpur.

## **DISCUSSION& IMPLICATIONS**

There are various other schemes by the Government like Margin money scheme, Common facility Center, Tool Kit scheme, & Development assistance scheme. In the margin, money scheme, a loan up to Rs. 25 lakh to 2 crores is offered to *chikankari* entrepreneurs, and later government grants subsidy up to 25%. In the common facility centre, Government offers to support up to Rs. 10 crores for running training institutes for *Chikankari* skills, and the only condition for the loan is that the concerned person must have their land for running training institutes. Apart from it, in the toolkit scheme, the youth availing training for *chikankari* work is being offered with tools up to Rs. 4500. Along with it, the support from e-commerce organizations in offering an online platform to the local craft owners, and it can prove to be a significant relief. With the help of such platforms, the reach of entrepreneurs among possible customers would increase, not within the local market but across the nation. It seems there are ample ways and means through which the artisans may be benefitted; however, if they are still not aware of the scheme, it means there is laxity on the part of spreading awareness and active involvement of concerned government staff to make this scheme viable enough. In the coming years, timely evaluation of the scheme and outcomes of the same are to be put in the public domain to ensure the government scheme's better and timely implementation.

## **CONCLUSION**

As per stakeholders theory (Freeman (1984), different stakeholders, including Government, employees, customers, vendors, and other government agencies, are vital to the survival and success of local crafts based formal or informal organizations. Thus, with the help of the ODOP scheme, the Government offers hope to artisans, organized and unorganized crafts based entrepreneurs, though the scheme's intent seems quite obvious; however, timely implementation of these schemes would prove to be much better. Similarly, the involvement of other business houses to offer support to MSME by mentoring them under their through their corporate social responsibility would also contribute to sustaining MSMEs in the state.

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## **ANNEXURE I: OBJECTIVES OF THE SCHEME ‘ONE DISTRICT ONE PRODUCT’**

- Preservation & development of Local crafts/ skills & promotion of the art
- Addition in the incomes and local employment (resulting in decline in migration for employment)
- Improvement in Product Quality & Skill development
- Transforming the products in an artistic way (Through Packaging & branding)
- To connect the production with tourism (Live Demo & sale Outlet- gifts & Souvenir).
- To resolve the issues of economic difference and regional imbalance
- To take the concept of ODOP to national & international levels after successful implementation at the state level).

Source: Empowering Uttar Pradesh 2018 (Booklet on ‘ODOP’)

## **ANNEXURE II: STAGES OF THE SCHEME ‘ONE DISTRICT ONE PRODUCT’**

- Preparing database regarding circulation, stakeholder, total production, export, availability of raw material and to arrange training
- Research of possibilities regarding production, development, marketing of the product.
- To prepare a micro plan for product development, marketing promotion and to provide additional opportunities of employment and wage increment of the concerned artisans and workers.
- To provide advertising, publicity and marketing opportunities at district, state, national and international level.
- Necessary coordination with MUDRA, PMEGP, Stand UP schemes of Government of India as well as Mukhya Mantri Yuva Swarojgar Yojna and Vishwakarma Shram Samman Yojna of Government of Uttar Pradesh for providing required finance to new and existing units. To start new schemes for the purpose as needed.
- To setup Co-operatives and Self Help Groups
- General and technical training of the craft and technology development.

Source: Empowering Uttar Pradesh 2018 (Booklet on ‘ODOP’)