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Jaipur Rugs –Empowering Communities at the Bottom of the Pyramid through Social Innovation

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Jaipur Rugs –Empowering Communities at the Bottom of the Pyramid through Social Innovation

ABSTRACT

This case discusses how social innovator Nand Kishore Chaudhary (NKC) revolutionized the concept of the traditional carpet industry in India and empowered 40,000+ rural artisans by providing them with a sustainable livelihood. In 1978, NKC started a small social enterprise under the name Jaipur Carpets (later on renamed Jaipur Rugs). The startup worked with poor artisans and trained and educated them. It offered Doorstep Entrepreneurship under which the artisans received all the raw materials required and wove carpets from their homes. Jaipur Rugs also offered services like healthcare, programs of financial inclusion, and leadership training. Apart from this, its biggest achievement was eliminating the middlemen and providing a sustainable livelihood to communities at the Bottom of the Pyramid (BOP).

However, NKC's journey was not without its challenges. Among some sections of society in India, it is considered taboo to interact with people belonging to the lower castes and NKC faced hatred and resistance from his family and society for working with so-called untouchable castes. Further, retaining artisans in the job of carpet weaving and attracting others were becoming tough tasks when these weavers starting migrating to other places in search of better job offers. Another challenge was to scale up the operations of Jaipur Rugs globally. Analysts wondered how NKC could make Jaipur Rugs sustainable in the long run. What could he do to preserve the dying art of weaving?

Case

INTRODUCTION

In a small village in the state of Rajasthan in India, a woman artisan, Bimla Devi, was busy weaving her signature into a corner of the rug she had just finished making. In her own words, she felt like a “film star” when she wove her signature into the rug. Some years ago, Bimla Devi’s life had turned upside down when her husband passed away. A pregnant Bimla Devi was left with the responsibility of sustaining her family. At her wits’ end, she finally decided to learn the skills and art of hand weaving. She turned for help to a social enterprise—Jaipur Rugs – which provided her with a better quality of life and education.

Jaipur Rugs was founded in 1978 by Nand Kishore Chaudhary (NKC) to provide a sustainable livelihood to people living at the bottom of the pyramid. Through his social enterprise, NKC revived the dying art of hand-weaving rugs and enabled the socio-economic growth of artisans among local communities in Rajasthan. He adopted the Doorstep Entrepreneurship model by empowering women by giving them access to a sustainable livelihood at their doorstep. He started working directly with the artisans, building a network within the carpet industry free of middlemen while giving the weavers fair wages and socio-economic support. In 2004, NKC founded Jaipur Rugs Foundation which focused on adult education, entrepreneurship development, skill development, and upgrading of skills. Over the years, his simple idea grew into a network of 40,000 artisans across India – 85% of these were women representing the most under-served castes and tribes in India. As of 2017, Jaipur Rugs was the largest global exporter of hand-knotted rugs with a clientele across 40 countries.

However, NKC’s journey in empowering grassroots artisans and preserving the traditions of craftsmanship was far from smooth. From facing resistance from his family for working with the so called untouchable communities to retaining them within the organization, he faced many challenges. Moreover, he had to tackle deeply rooted gender norms in India, which made it difficult to get women to work. Going forward, one of the greatest challenges for NKC would be to attract more people and sustain their interest in the dying art of weaving. Moreover, as the company grew in scale, maintaining the values that it was founded on would be tough, said some analysts.

NAND KISHORE CHAUDHARY – THE SOCIAL INNOVATOR

Born in 1953 in Churu in the Shekhawati region of Rajasthan, India, NKC belonged to a traditional Marwari¹ family. His father, Bhani Ram Chaudhary, ran a shoe store. NKC did his primary schooling from a government school. He spent time reading the works of Mahatma Gandhi² and Rabindranath Tagore³. This led to instilling in him a lifelong affection and compassion for the poor.

While pursuing his education at a college in Churu, NKC joined his father’s business. After he graduated, he was offered the job of a cashier in a bank. But he did not take it up as he wanted to start his own business. Realizing that there was a huge demand for hand-knotted rugs, NKC decided to travel to Jaipur and study the industry. He visited the carpet looms and

¹ Marwaris are a South Asian ethno-linguistic group in India and Nepal who originate from the Marwar region of Rajasthan, India.

² Mahatma Gandhi (1869-1948) was the leader of the Indian independence movement against British rule. He inspired movements for civil rights and freedom across the world

³ Rabindranath Tagore (1861-1941), from the then Bengal state of India (now West Bengal), was a profound writer in all literary genres. In 1913, he received the Nobel Prize in Literature for his sensitive, fresh, and beautiful verse.

saw how carpets were being made. He noticed lack of innovation and technology, inefficiencies in the systems, weavers being underpaid, and products of poor quality. He decided to bring about a change in the lives of these weavers and improve their condition.

NKC borrowed INR⁴ 5000 from his father to start his business. In 1978, with just two looms and nine local artisans, NKC embarked on his entrepreneurial journey by establishing Jaipur Rugs. He traveled miles on his bicycle to procure the raw material and spent many nights at the production center learning the art of weaving. NKC spent as much time as possible with the weavers, even eating lunch sitting by the looms. Initially, he faced a lot of resistance from his family for working with people belonging to the so-called lower castes. But he remained undeterred. In two years, he scaled up his business to six looms.

By the end of 1981, NKC had expanded his business to other cities of Rajasthan – Ratangad, Sujangad, Laxmangad, and Jodhpur. Later, he took his business to Gujarat. While working in Gujarat, NKC stayed with tribal people, those belonging to the Scheduled Castes (SCs) and Scheduled Tribes (STs)⁵, and other backward classes. He understood their lifestyle, and brought their traditional designs onto carpets. In 1986, NKC took the first step toward fulfilling his dream of connecting artisans to global markets when he eliminated middlemen and started exporting the rugs directly. He set up a small scale enterprise in the Valsad town of Gujarat in order to export directly.

After spending 13 years in Gujarat learning the nuances of the business, NKC returned to Jaipur in 1999 to start his own independent firm called Jaipur Carpets. He got it registered in the US under the name Jaipur Rugs Incorporated (JRI), to enable global distribution of the rugs and carpets. During the initial years, NKC did not focus on any area of business other than production. From sourcing of raw materials to delivering the finished product to end users across the globe, Jaipur Rugs employed indirectly over 40,000 contractors, 28,000 of which were weavers. Bhoomika Wools, a partner company run by NKC's brother-in-law was responsible for procuring wool exclusively for Jaipur Rugs (**See Exhibit I**).

NKC realized that he needed to learn basic organizational skills; therefore, NKC started studying books on management skills and business strategies, attending seminars, and communicating with business leaders for self-improvement. As he said, *"I started attending lectures and seminars. I would listen to talks delivered by successful people."*⁶ *"It was a process of self-discovery. I had to own up for all that went wrong."*⁷ He also realized that in the first team which he hired, there were some employees who were inefficient and others who wanted to dupe him.⁸ NKC replaced them in no time. JRC was headquartered in Jaipur, while its showroom was located at the International Home Deco Park in Delhi, the capital city of India.

EXPANSION

Given the low income, insecurity, and lack of dignity that characterized the carpet weaving industry, there was increasing geographical and occupational migration among the weavers. Jaipur Rugs found it difficult to engage these communities in the carpet value chain. Further, there was also large scale seasonal migration when the weavers left the job of carpet weaving

⁴ INR is the currency symbol of the Indian rupee. The exchange rate as of November 19, 2017 was 1 INR = 0.0153862 USD. <http://www.xe.com/currencyconverter/convert/?Amount=1&From=USD&To=INR>

⁵ The Scheduled Castes (SCs) and Scheduled Tribes (STs) are various officially designated groups of historically disadvantaged people in India.

⁶ Sindhu Kashyap, "Jaipur Rugs weaves an inspirational tale of a for-profit company providing livelihood to village artisans," <https://yourstory.com>, August 29, 2016.

⁷ <http://www.nkchaudhary.com/biography-1999-to-2010/>

⁸ Sindhu Kashyap, "Jaipur Rugs weaves an inspirational tale of a for-profit company providing livelihood to village artisans," <https://yourstory.com>, August 29, 2016.

for other more lucrative work. However, through its fair wage system and social development programs, Jaipur Rugs gradually earned the trust of its artisans. By 2000, its business touched more than 10000 lives a day along with rapidly increasing the artisan network.

In 2001, Asha Chaudhary, NKC's eldest daughter, joined the business as CEO (Jaipur Rugs Incorporated, Atlanta). In 2004, Archana Chaudhary, his second daughter, joined the company as Director of Quality Assurance. The same year, NKC started a not-for-profit organization, Jaipur Rugs Foundation (JRF) (**See Exhibit II**). By 2006, Jaipur Rug's network had grown to 40 weaver groups across six Indian states (**See Exhibit III**). The same year, Jaipur Rugs received its first international design award 'America's magnificent Carpet Award', and brought laurels for India. In 2014 the company reported an annual turnover of Rs. 1.22 billion. In order to further enhance its reach, an online store of Jaipur Rugs was launched in November 2015. The company had clients in more than 35 countries with the US being its largest market, accounting for 70% of its total exports as of 2015. (**See Exhibit IV**).

A growing chain of weavers from rural Rajasthan and the tribal areas of Gujarat became the backbone for Jaipur Rugs on its way to becoming a global name, said analysts. As many of the company's weavers were skillfully trained to deliver flawless pieces of art, the focus now shifted to bringing unparalleled quality and innovation into the designs. Jaipur Rugs also implemented a companywide Enterprise Resource Planning (ERP) network to optimize its geographically diverse supply chain, standardize quality control and achieve scale. The company also created efficient communications networks to deliver raw materials, communicate with weavers, and track the progress of work in remote villages with no electricity. These communications networks were used by the company's branch office staff to effectively manage a highly human capital intensive process.

SOCIO-ECOMONIC BUSINESS MODEL OF JAIPUR RUGS

As a social innovator, NKC took big initiatives; he mobilized the poverty-struck deprived communities and trained them to weave carpets. Jaipur Rugs became a platform to nurture the creative capacity of artisans and to empower them to fulfill their aspirations. Funds from the government helped in the installation of looms in Gujarat, providing employment to many poor people. Jaipur Rugs changed the traditional model of middleman-owned looms in the Indian carpet industry and enabled the weavers to own their own looms.⁹ It brought about a transformation not only in the lives of the artisans but also in the lives of people around them, opined observers.

Considering the fact that technologies and processes were important for the success of Jaipur Rugs and that the artisans played an equally important part in leading the company's growth, Jaipur Rugs assumed the responsibility of helping the artisans develop both socially and economically.¹⁰ It took several initiatives for enterprise and social development and it cultivated an extended familial relationship with its workers. Commenting on the company's social return on investment (SROI), Yash Ranga, Stakeholder & Engagement Partner of JRF said, *"You need to see not only the return of investment but also focus on what is the social return on investment, SROI. For my investors, if I invest one dollar, what is the return of this one-dollar? All the things that cannot be monetized: consciousness, love, and empathy. Make people understand what a \$1 investment means; social return on investments in addition to the monetary output. With this I am giving you a whole package of impact."*¹¹

⁹ "Jaipur rugs – weaving the lives of the poor into the global markets. an inclusive business model.," www.oxfamindia.org, October 26, 2015.

¹⁰ James H. Bookbinder, "Global Logistics," (Springer Science & Business Media), June 2012.

¹¹ Paksy Plackis-Cheng, "Social Enterprises Do Scale: Jaipur Rugs From 9 to 40,000 Artisans," www.impactmania.com, Accessed on November 17, 2017.

ENTERPRISE DEVELOPMENT

Jaipur Rugs adopted two main programs – Doorstep Entrepreneurship and Sustainable Livelihood for enterprise development.

Doorstep Entrepreneurship

At Jaipur Rugs, unskilled and poor people in the rural areas were transformed into rug artisans through community mobilization and skills training. Jaipur Rugs empowered all the women of a house by providing them access to a sustainable livelihood at their doorstep. For this, the company employed men and women living in the most remote parts of India who had little or no access to transport. One of the challenges for the weavers earlier was having to commute to work and back and this resulted in their living away from their families. The Doorstep Entrepreneurship model of Jaipur Rugs gave the artisans the flexibility to work from home. The company took business to the artisans, supplying them with raw materials and training them at their doorstep.

To ensure a superior quality product, the company hired quality supervisors who inspected the looms and tracked the progress of work at the homes of the weavers. Quality was maintained throughout all the operations by adhering to ISO 9001^{12,13}. The Supervisors ensured quality by creating standardized maps for each design and distributing them to the artisans. These maps contained all the details for replicating the design to high standards.¹⁴ The maps gave weavers, who generally have minimal education, easily understandable instructions on where to put each strand of different colored yarn. Because of the way the maps were designed, a weaver essentially needed no training to produce a new design on a given loom. As a result the company was able to prototype new designs very cheaply, and its weavers were able to respond fairly quickly to changing customer preferences and business needs.

These supervisors also ensured there was no shortage of yarn or any other disruptions in the production process. The team of supervisors followed a socio-economic business model which ensured that the weavers were paid every month. The weavers, who used to receive just INR 50-60 per day, were now earning INR 250-300 a day while working with Jaipur Rugs along with being treated like legitimate members of society.¹⁵ Jaipur Rugs claimed that on an average, it paid its artisans 33% more than they would have got from competitors.¹⁶ Reportedly, these networks stretched across 600 villages in India.

When completed, the rugs were picked up at the doorstep of the weavers and passed on to the next stage of the rug-making progress. Finally, after going through all the processes, the quality checked modern rugs and carpets were sent to distribution points from where they were exported to countries worldwide¹⁷ (**See Exhibit V**). The model provided weavers from some of the poorest rural communities in India with the opportunity to be connected to global markets. Jaipur Rugs adopted some values which reflected its commitment toward ensuring better development of the weavers' community (**See Exhibit VI**).

Under entrepreneurship development, Jaipur Rugs conducted many skill development and up-gradation training programs. These included a technical training program in association with the Carpet Export Promotion Council (CEPC), income enhancement for rural women

¹² ISO 9001 is the international standard that specifies requirements for a quality management system. Many organizations use this to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

¹³ James H. Bookbinder, "Global Logistics," (Springer Science & Business Media), June 2012.

¹⁴ "Jaipur Rugs: Providing carpet-making livelihoods in rural India," www.businesscalltoaction.org, Accessed on November 06, 2017

¹⁵ Devika Pathak, "Vendor Spotlight: Jaipur Rugs," www.discernliving.com, April 25, 2017.

¹⁶ "Scale Up: How do Social Enterprises Meet the Challenge?," www.businesscalltoaction.org, Accessed on November 15, 2017.

¹⁷ Devika Pathak, "Vendor Spotlight: Jaipur Rugs," www.discernliving.com, April 25, 2017.

through a partnership with the Small Industries Development Bank of India (SIDBI), and promoting hand knotted carpet weaving style in collaboration with a state-run project – JEEViKa. Apart from these programs, JRF recognized and certified the artisans on the basis of their skills, along with providing them with complete exposure to the supply chain and making them aware of customer expectations.

Sustainable Livelihood

The JRF team was assigned the responsibility of training people belonging to areas which were identified in a survey conducted by the Government of India as the most economically backward geographies of the country. The people of these regions relied largely on the seasonal agriculture as there was no viable work within their immediate vicinity. Seasonal agriculture, due to its dependence on weather conditions, did not offer a stable income; therefore, JRF's initiative of training these people to become artisans helped them earn a living all through the year.¹⁸ Further, during the training period, the trainees were provided with a stipend. Initially, the JRF team explained to its artisans the cause and objectives of Jaipur Rugs. After this, experienced weavers and JRF staff trained these people in the art of weaving. The process of manufacturing rugs involved around 60 processes: from getting the wool to making the final rug.¹⁹ All these processes were executed by people at the grassroots.

The artisans worked for almost eight hours a day and made a good living. When one person in a family had learned and mastered this art, he/she could transfer it to two or three people, thereby increasing the family's income. In this way, Jaipur Rugs promoted carpet-making as a sustainable non-farm livelihood opportunity. According to analysts, the sustainable form of employment throughout the year made these artisans self-sufficient and less dependent on unreliable weather conditions and seasonality.

SOCIAL DEVELOPMENT

Apart from providing the poor with a sustainable livelihood, Jaipur Rugs conducted some programs for the overall development of its artisans and their communities..

Alternative Education Program

Jaipur Rugs aimed to provide functional literacy to its artisans and community members through the Alternative Education Program (AEP). AEP was started in partnership with the buyers and supporters of Jaipur Rugs – Jenny Jones Rugs and Peter Larsen. Under this program, classes were conducted for 2 hours every day for 6 months at several centers located within the village. Most of the teachers were the educated women of the locality who had been trained beforehand. The weavers were taught basic literacy and numeracy skills. They were also made aware of health, hygiene, family life, education, and the environment. Through this program, artisans (mainly women) learnt to write their names, and calculate their income. The AEP initiative built confidence among the artisans and enabled them to become more self-reliant. By 2016, more than 2,000 women artisans had benefitted from AEP. Further, the company adopted various small digitalization steps for its designers to move from hand painted maps to computer operated design software.²⁰

Financial Inclusion

Jaipur Rugs also took care of the financial inclusion of its artisans. Weavers were connected to locally accessible banking services to open bank accounts. In about five years, more than 2000 bank accounts were opened. In June 2015, Jaipur Rugs partnered with Vodafone India, one of India's leading telecommunications service providers, to facilitate payments to

¹⁸ "Sustainable Livelihood," www.jaipurrugsco.com

¹⁹ "An interview with Mr. Yogesh Chaudhary," <https://pratibimbtapmi.wordpress.com>, April 19, 2012.

²⁰ "History," www.jaipurrugsco.com

artisans through the M-Pesa²¹ mobile wallet. According to analysts, the strategic partnership was aimed at driving financial inclusion in order to further improve the lives of many artisans.

Healthcare

Another mission of Jaipur Rugs was to empower its rural artisans with a stress-free and dignified life. This was achieved through its partnership with local healthcare providers and innovators. The weavers, their families, and other residents of the area were invited to the health camps organized by Jaipur Rugs and its partners. Various facilities were provided to identify and treat general ailments, and those suffering from severe health issues were referred to specialized hospitals for proper diagnosis and care. These camps, organized at regular intervals, also provided free of cost medicines to the underprivileged members of the society (*See Exhibit VII*).

There were specialized eye camps where various schemes were covered including prescribing of weaving glasses or even cataract eye-screening. The JRF team also connected its artisans with various government schemes including medical insurance.²²

Government Linkages

Considering that one of the biggest challenges faced by artisans was lack of awareness and knowledge about the opportunities intended for them under various social welfare schemes, JRF played an instrumental role in facilitating access to social security schemes. In 1999, the Ministry of Rural Development, Government of India, launched a special program called the Swarnajayanti Gram SwarajgarYojna (SGSY) with the primary objective of improving the family income of the rural poor.²³ For this program, JRF was chosen as an agency to train the youth living below the poverty line in the rural regions and transforming them into skilled artisans.²⁴

Further, the Development Commissioner of Handicrafts and the local nodal entities issued artisan cards to the artisans. In this initiative, JRF acted as a link between the issuers and the artisans; it helped illiterate artisans in completing the paperwork and expediting the process.²⁵ It reached out to many artisans and thus facilitated the processing and distribution of the artisan cards.

Weaver-engagement

Jaipur Rugs launched a program called the Artisan Engagement Program to engage its artisans well with the art they worked on. Under this initiative, the company invited the grassroots workforce to the head office in Jaipur where they could experience the art created by them. There were many women who had worked for 30 years but never seen a finished rug because they could not step out of the village in their lifetime. Therefore, through this program, the artisans, mostly women, were introduced to the entire process of rug weaving. This gave the weavers a rare perspective of the contribution they had been making over the years.

Jaipur Rugs also hired some motivators, usually part-time employees, who recruited new weavers and helped them with weaver training programs in the villages.²⁶ Their aim was to inform the weavers about programs that would help them in improving their lives. Apart

²¹ Launched in 2007 by Vodafone, M-Pesa is a mobile phone-based money transfer, financing, and microfinancing service.

²² "Health & Eye Camps," www.jaipurrugsco.com

²³ "Features of The Swarn Jayanti Gram SwarajgarYojana (SGSY)," www.yourarticlelibrary.com, Accessed on November 17, 2017

²⁴ "Initiatives," www.jaipurrugsco.com

²⁵ "Initiatives," www.jaipurrugsco.com

²⁶ N.K. Chaudhary, "Creating a Social Business," <https://ssir.org/articles>, Accessed on November 12, 2017.

from this, Jaipur Rugs took the responsibility of binding its artisans with a common thread of love and compassion. It allowed customers to visit production villages and meet artisans.²⁷ This helped in creating a link between the weavers and customers.

Leadership Training

Jaipur Rugs offered management and leadership skill training for women in the age group 18-35. The primary objective of these training programs was to tap their natural leadership ability and make them confident enough to work in managerial positions. In 2014, in association with the British Council and Diageo Foundation, 108 women were trained under the young women social entrepreneurship program which focused on building confidence and helping them take on leadership roles in their village.

Another program – the Bunkar Sakhi and Katwari Sakhi (Weaver Companion and Spinner Companion) initiative – was launched to identify women who could be promoted to managerial positions in the company's value chain. This helped them work comfortably with other women of the village and in building better relationships among women weavers and the spinners.

Eliminating Middleman

One of the biggest impacts that Jaipur Rugs had was to eliminate middlemen. Through its hybrid social business model, it completely eliminated the middleman system by building direct linkages with its weavers.²⁸ Though these weavers were spread across 10 states of India, they were related to Jaipur Rugs directly – there were no contractors or middlemen.

Jaipur Rugs also helped local communities to preserve village life and the art forms of India.²⁹ It started working with some of the world's leading designers to co-create new designs with the local artists and innovate the way in which the rugs and carpets were being produced.

JAIPUR RUGS'S SUSTAINABLE DEVELOPMENT GOALS

In 2012, Jaipur Rugs gained membership in the Business Call to Action (BCtA) – a platform that recognized and supported businesses that combined profitability with impact. The idea was to encourage businesses to contribute to the United Nations Millennium Development Goals by 2015. Jaipur Rugs, which was the 42nd member of BCtA, was committed to training 10,000 low-income people from rural areas in different states of India on advanced rug weaving techniques by 2015.

In 2017, JRF announced its unwavering commitment to achieving the Global Sustainable Development Goals set by the United Nations. Of all the UN Sustainable Development Goals, Jaipur Rugs committed itself to working for three major goals – no poverty, gender equality, and responsible consumption and development.³⁰ The 2030 agenda for Sustainable Development provided JRF with a framework for drafting a new strategy. It would help JRF to continue to shape its program priorities over the coming years. For 2017, the company set its vision on initiating a dialogue between multilateral and bilateral aid agencies which would provide a global platform and catalyze new partnerships.

Jaipur Rugs was also committed to achieving rural development by creating an ecosystem where grassroots women were empowered through secure life chances for themselves and their families. In alignment with the United Nations Foundation's Every Woman Every Child

²⁷ "Artisan Connect," www.jaipurrugsco.com

***One Rug; One Story: Empowering the underprivileged to earn sustainable livelihood by means of carpet manufacturing.," www.changemakers.com, Accessed on November 15, 2017.

²⁹ James Allen, "Jaipur Rugs: Selling a family's blessing," www.foundersmentality.com, April 08, 2015.

³⁰ <https://www.youtube.com/watch?v=NdppP93XOTE>

campaign, the company expressed its commitment in its Annual Report 2016-2017 to addressing the major challenges confronting women and children across the globe.³¹

RESULTS

As a result of its initiatives and programs, artisans working with Jaipur Rugs experienced a positive change in their lives. According to the company's annual report 2016-2017, Jaipur Rugs successfully impacted more than 129,200 lives with about 27,200 rural women being empowered. It successfully created 6000+ jobs. Further, the company claimed that more than 21,000 people had benefitted from its rural health camps, and over 4,000 artisans had secured the entitlements of artisan cards. More than 3,000 artisan families became a part of financial inclusion, with 1,000 artisans being secured under life insurance plans.³² Over all, there were some 617 villages spread across six Indian states which formed a wide network of more than 40,000 artisans benefitting from Jaipur Rugs and its other entities. Almost 90% of its artisans were linked with bank accounts by 2016.³³ More than 360 women successfully graduated with some 72 scholarships. **(See Exhibit VIII and Exhibit IX)**

In 2016, one of its finest rugs, the Anthar rug, won the prestigious German Design Award. In 2017, Jaipur Rugs became the only firm from Asia to have won the Carpet Design Award for the best modern collection fit for any urban living space **(See Exhibit X)**.

CHALLENGES

Despite rapid expansion and wider acceptability, it was believed that Jaipur Rugs would face some challenges going forward. One of the biggest challenges lay in tackling the gender stereotypes existing in the rural parts of India, which made it difficult to empower women in the country and letting them assume managerial positions. In rural Indian societies, women were always told to raise children and take care of the household chores. Given the fact that most of the artisans working at Jaipur Rugs were women, it would be quite a challenge for the company to engage them with the company for a long period of time.

Further, the Indian market for home décor accessories like pillows, poufs, and rugs was growing rapidly. There was also steady development in the international market of home decors. For 2015, analysts predicted a US\$700 billion realization in the home décor market.³⁴ Thus, there was huge potential for companies like Jaipur Rugs to grow and expand across the globe. However, for this to happen, it would have to scale up its operations to a greater extent.

NKC himself believed that its global supply chain needed to be improved in terms of efficiency to make it scalable. For scaling up, Jaipur Rugs had two primary modes: self-financing from business revenues and loans. The company had experienced slow but steady financing over the years. By 2016, it had successfully secured loans worth US\$10 million from different banks in India³⁵ A Washington-based non-profit investment fund – the Grassroots Business Fund – also supported its US operations in the initial days. As of 2016, the company relied largely on its own profitability, with a mix of loans, to finance new projects. About 70% of JRF's income was derived from the company's profits whereas funds from government organizations and all other

³¹ <https://jr-statics.s3.amazonaws.com/jrf/AnnualReports/annual-reports-2016-17.pdf>, Annual Reports, 2016-2017.

³² Sindhu Kashyap, "Jaipur Rugs weaves an inspirational tale of a for-profit company providing livelihood to village artisans," <https://yourstory.com>, August 29, 2016.

³³ <https://jr-statics.s3.amazonaws.com/jrf/AnnualReports/annual-reports-2016-17.pdf>

³⁴ www.fibre2fashion.com/interviews/face2face/jaipur-rugs/yogesh-chaudhary/894-2, April 16, 2015.

³⁵ N.K. Chaudhary, "Creating a Social Business," <https://ssir.org/articles>, Accessed on November 12, 2017.

organizations accounted for the remaining 30%.³⁶ NKC's target of having at least 100,000 people working with the company by 2020 could be achieved only by arranging finances from sources and not by depending on its own revenues.³⁷

Moreover, the performance of Jaipur Rugs could also be impacted by its high level of dependence on income generated through exports. Any adverse forex variations would negatively impact its balance sheet in the coming years and its profit margins would also remain vulnerable³⁸ (**See Exhibit XI**).

THE ROAD AHEAD

In 2016, Jaipur Rugs renewed its BCTA commitment, and pledged to provide sustainable livelihood opportunities to 9,000 marginalized women while leading some grassroots leadership programs targeting 15,000 artisans in India's carpet value chain by 2022.³⁹ It remained to be seen whether Jaipur Rugs would succeed in retaining and attracting artisans and employees to work for it in the long run and whether it would meet its social commitments without diluting the company's value system. As pointed out by NKC, *"Finding the right people and getting them developed. There are so many processes in the rug business. It is very difficult to get an integrated model to help. Only people with pure hearts can make a model that is substantive and scalable."*⁴⁰

By 2018, NKC and his children aimed to double the wages of the artisans and increase the company's profitability. They planned to achieve higher profits for Jaipur Rugs in the Indian market, which accounted for just 5% of its revenue. The company hoped to turn the Indian market into its biggest market in revenue, after the US, in the next three years but with a different strategy. NKC said, *"We have an aggressive plan to mark our presence in top Indian cities. This could even be in partnership with someone because to operate standalone retail stores on your own is not an easy task. Marketing, branding and communication are key aspects for our business to grow. We have to do a lot of catching up in these areas."*⁴¹

It would be interesting to see how Jaipur Rugs would meet the challenges coming in the way of its continuing to impact the lives of the marginalized sections of society along with earning sustainable profits to sponsor its programs.

³⁶ PaksyPlackis-Cheng, "Social Enterprises Do Scale: Jaipur Rugs From 9 to 40,000 Artisans," www.impactmania.com, Accessed on November 17, 2017.

³⁷ Sindhu Kashyap, "Jaipur Rugs weaves an inspirational tale of a for-profit company providing livelihood to village artisans," www.jaipurrugsco.com, August 29, 2016.

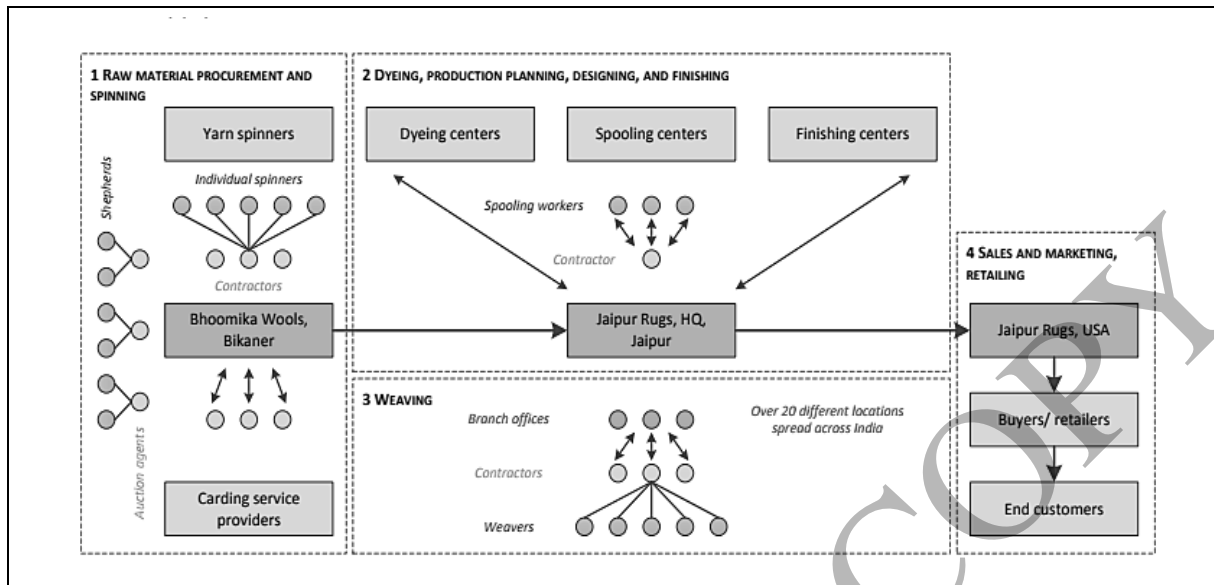
³⁸ [http://www.knowledgeworkz.com/samatvam/newsletter/Jaipur%20Rugs%20-%20Doing%20Well%20by%20Doing%20Good%20\(2016\).pdf](http://www.knowledgeworkz.com/samatvam/newsletter/Jaipur%20Rugs%20-%20Doing%20Well%20by%20Doing%20Good%20(2016).pdf)

³⁹ Hope Traficanti, "Jaipur Rugs: Boosting rural India's economy by creating a new generation of artisans," www.businesscalltoaction.org, Accessed on November 18, 2017

⁴⁰ <https://d11j8byc3zh5tl.cloudfront.net/main/web-content/media/articles/the-fortune-at-the-bottom-of-pyramid-by-c.k.-prahalad-635675587071220353.pdf>

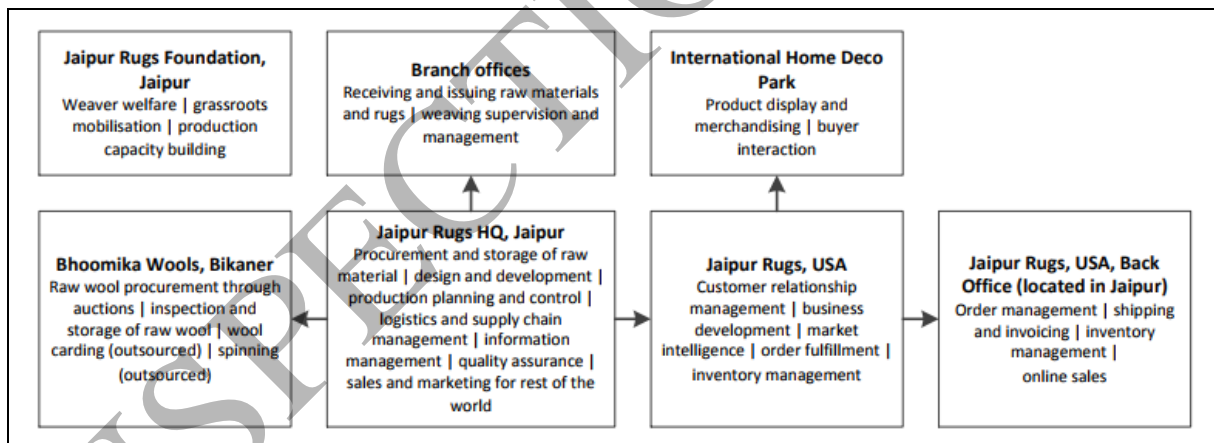
⁴¹ Anshul Dhamija, "Jaipur Rugs' Nand Kishore Chaudhary: A rugs to riches story," www.forbesindia.com, January 16, 2018.

Exhibit I: Jaipur Rugs Supply Chain



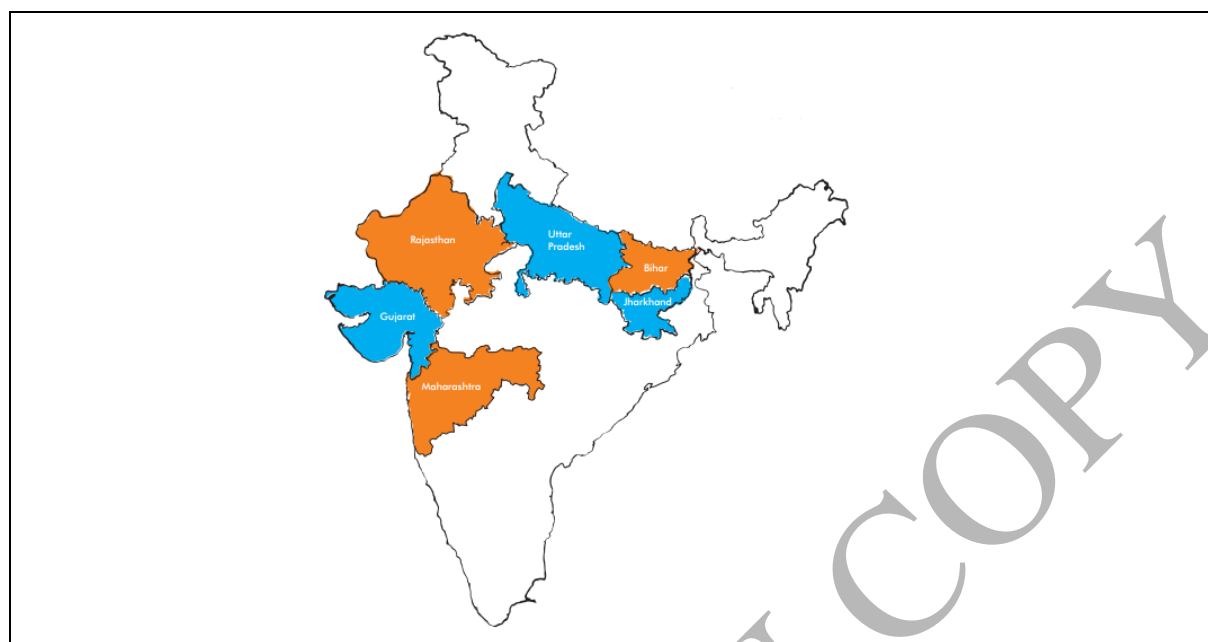
Source : C.K.Prahalad, "The Fortune At The Bottom Of The Pyramid: Eradicating Poverty Through Profits (Revised And Updated 5Th Anniversary Edition), Pearson Education India, 2009.

Exhibit II: Interconnected Entities of Jaipur Rugs



Source : C.K.Prahalad, "The Fortune At The Bottom Of The Pyramid: Eradicating Poverty Through Profits (Revised And Updated 5Th Anniversary Edition), Pearson Education India, 2009.

**Exhibit III:
Geographical Presence of Jaipur Rugs**



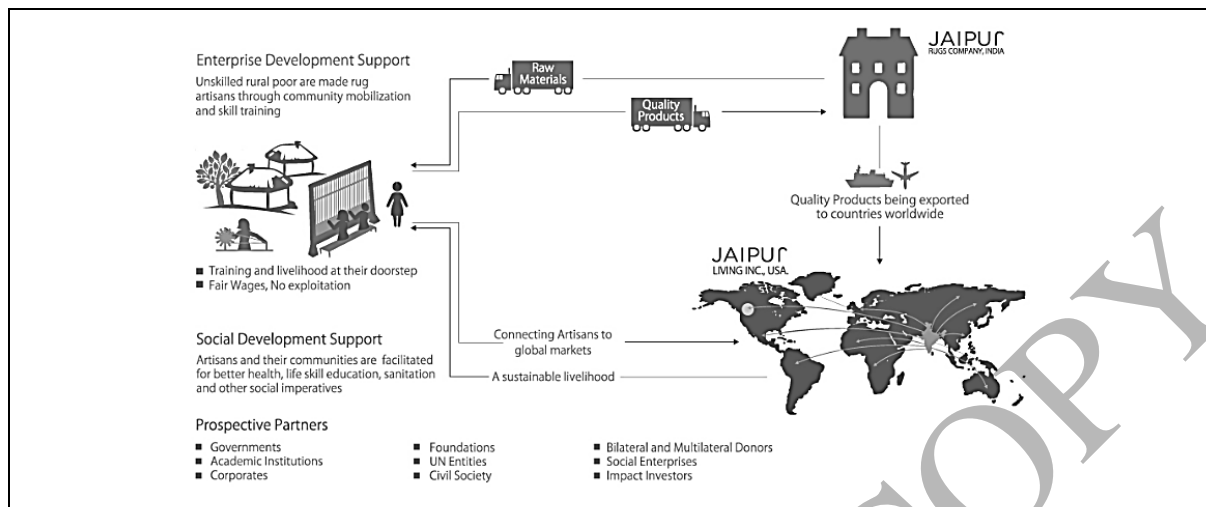
Source: <https://jr-statics.s3.amazonaws.com/jrf/AnnualReports/annual-reports-2014-15.pdf>

**Exhibit IV:
Country-wise Exports of Handmade Carpets & Other Floor Coverings
from India (Top Ten Countries)**

| Country | 2013-14 | | 2014-15 | | 2015-16 | |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | (Rs. crores) | (US\$ Mn) | (Rs. crores) | (US\$ Mn) | (Rs. crores) | (US\$ Mn) |
| U.S.A. | 3117.2 | 515.23 | 3701.8 | 605.43 | 3839.7 | 586.5 |
| U.A.E. | 648.87 | 107.25 | 1309.9 | 214.23 | 490.7 | 74.95 |
| Germany | 665.51 | 110 | 680.25 | 111.25 | 943.94 | 144.18 |
| U.K. | 484.49 | 80.08 | 457.88 | 74.89 | 1289.7 | 197 |
| Turkey | 234.59 | 38.77 | 166.17 | 27.18 | 409.91 | 62.61 |
| Australia | 201.71 | 33.34 | 220.07 | 35.99 | 311.62 | 47.6 |
| Netherlands | 113.74 | 18.8 | 141.79 | 23.19 | 173.56 | 26.51 |
| Canada | 141.19 | 23.34 | 131.24 | 21.46 | 140.37 | 21.44 |
| Italy | 98.89 | 16.34 | 102.24 | 16.72 | 126.18 | 19.27 |
| Belgium | 93.99 | 15.54 | 96.76 | 15.83 | 97.18 | 14.84 |
| Others | 1308.13 | 216.2 | 1433.85 | 234.5 | 1658.5 | 253.34 |
| Total | 7108.31 | 1174.89 | 8441.95 | 1380.67 | 9481.36 | 1448.24 |

Source: <http://www.indiancarpets.com/statistics.html>

Exhibit V: Jaipur Rugs- Doorstep Entrepreneurship



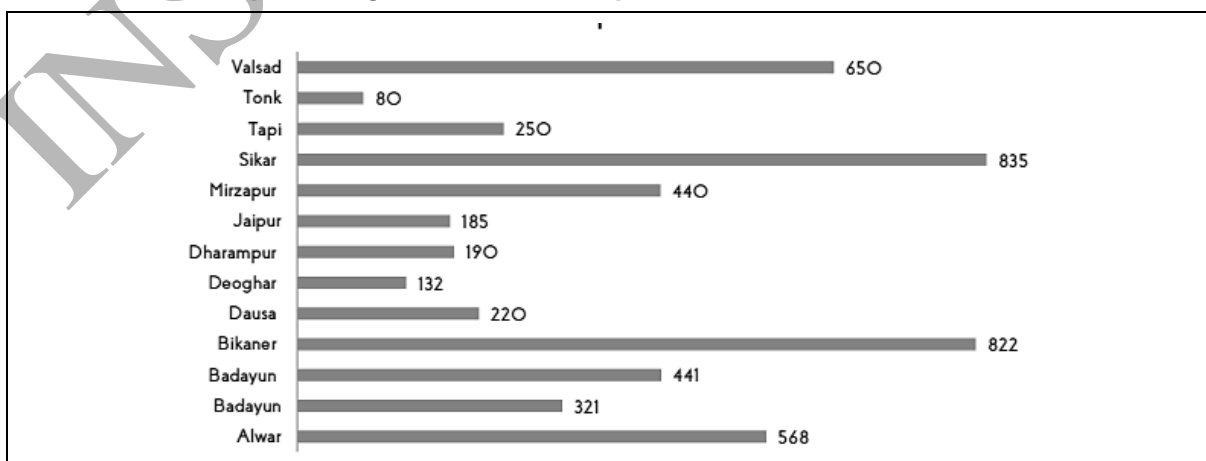
Source: <http://www.jaipurrugsco.com/how-we-impact/doorstep>

Exhibit VI: Adoption Values of Jaipur Rugs

- More women can work toward financial independence as they don't have to commute, especially in remote villages
- Weavers decide their own work hours and are able to work around their family's schedules
- Mothers with young children have no trouble working and weaving at the same time
- Weavers will lose no work days in receiving and transporting material
- Traditional Indian communities do not give women the opportunity to work outside the home –Jaipur's model provides an easy solution to this

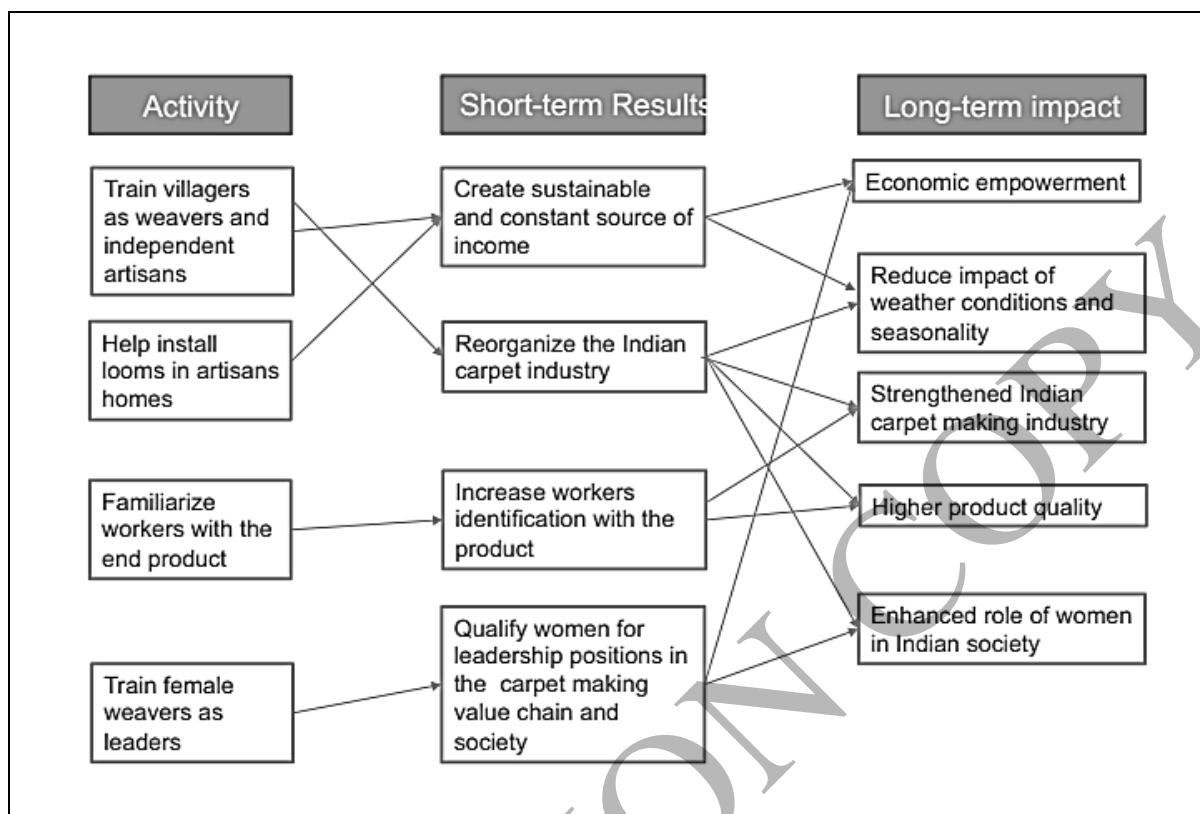
Source: <https://www.jaipurrugsco.com/how-we-impact/doorstep>

Exhibit VII: Jaipur Rugs -Health Camp Beneficiaries (2015-16)



Source: <https://jr-statics.s3.amazonaws.com/jrf/AnnualReports/annual-reports-2015-16.pdf>

**Exhibit VIII:
Short-Term and Long-Term Impact of Jaipur Rugs**



Source: https://www.businesscalltoaction.org/sites/default/files/resources/BCTA_CaseStudy_JaipurRugs_web.pdf

**Exhibit IX:
Impact Created by Jaipur Rugs**

| | |
|-------------------------------------|----------|
| Lives impacted | 1,29,200 |
| Rural women empowered | 27,200 |
| Sustainable jobs created | 6258+ |
| Artisan cards made | 8983 |
| Women artisans educated | 3000 |
| Villages in five states | 600 |
| Lives impacted through health camps | 21345 |
| Program conducted | 51 |

Source: <https://jr-statics.s3.amazonaws.com/jrf/AnnualReports/annual-reports-2016-17.pdf>

Exhibit X

| # | Award | Year |
|---|--|------|
| 1 | American Indian Foundation Leadership Award for Excellence in Social Entrepreneurship and Philanthropy | 2016 |
| 2 | ICICI Bank & CNBC TV18's Emerging India Awards 2014 in Socially Responsible Category | 2014 |
| 3 | Bihar Innovation Forum Award (Non-Farm Livelihoods) | 2014 |
| 4 | NASSCOM Social Innovation Honors | 2014 |
| 5 | Social Impact Award (Livelihoods) – Times of India and JP Morgan | 2012 |
| 6 | Villgro Social Enterprise Award | 2011 |
| 7 | Social Enterprise Awards & Investment Forum' by Sankalp Forum | 2010 |

Source: <http://www.jaipurrugs.org/awards>

**Exhibit XI:
Jaipur Rugs Foundation
Income & Expenditure for the year ended 31-3-2017**

| Particulars | As At 31.03.2017 | | As At 31.03.2016 | |
|--|------------------|-----------------|------------------|-----------------|
| | Amount (In \$) | Amount (In Rs.) | Amount (In \$) | Amount (In Rs.) |
| Income | | | | |
| By Donation | 61866 | 4145000 | 64975 | 4310000 |
| By Other Income | 1422 | 95240 | 999 | 66256 |
| By Drawn from other projects | 8955 | 600000 | 7174 | 8868607 |
| By Receipt From CSR | 35821 | 2400000 | 24875 | 1650000 |
| By Receipt from JEEVIKA Project | 33860 | 2268594 | 133698 | 475869 |
| By Receipt From FCRA | 5955 | 398954 | - | - |
| Total (A) | 147877 | 9907788 | 231721 | 15370732 |
| Expenditure On object of the Trust | | | | |
| To Community Mobilization | 7302 | 489217 | 16409 | 1088387 |
| To Promoting Hand Knotted Carpet Weaving in Gaya Bihar | 37554 | 2516132 | 148950 | 9880262 |
| To Skill Development | | | | |
| (a) Hand Knotted Pilot Project (Malegaon) | - | - | 10082 | 668790 |
| (b) Hand Knotted Carpet Skill Training (CEPC) | 5138 | 344250 | 5259 | 348819 |
| (c) Hand Knotted Pilot Project (Ratakhurd) | | | 1625 | 107815 |
| (d) Hand Tufted Training | 758 | 50807 | 247 | 16410 |
| (e) Hand Tufted Training Phase 2 | - | - | 8472 | 561960 |

| Particulars | As At 31.03.2017 | | As At 31.03.2016 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | Amount (In \$) | Amount (In Rs.) | Amount (In \$) | Amount (In Rs.) |
| (f) Skill Development Training, Madina | - | - | 351 | 23275 |
| (g) Skill Development & Upgrading Program | 8339 | 558744 | 2360 | 156546 |
| (h) British Council | 3867 | 259114 | - | - |
| (i) Honorarium | 24555 | 1645197 | 4751 | 315130 |
| To CSR Activities | | | | |
| (a) Alternative Education Program | 15064 | 1009307 | 11079 | 734902 |
| (b) Health Activity | 10535 | 705845 | 6702 | 444596 |
| (c) Skill Upgrades | 7985 | 534964 | 7095 | 470620 |
| | | | | |
| To Alternative Education Program FCRA | 6441 | 431565 | | |
| To Grassroots Business Partners, INC | 1054 | 70611 | | |
| To Recognition Of Prior Learning (PMKVY) | 23412 | 1568540 | | |
| To Linkage With Govt. Schemes | 1591 | 106603 | 1332 | 88349 |
| To Other Administration & Operational Expenses | 6638 | 444752 | 9215 | 611251 |
| To Depreciation | 8979 | 601565 | 10918 | 724319 |
| Total (B) | 169212 | 11337213 | 244847 | 16241431 |
| Excess of Expenses over Income | (21335) | (1429425) | (13126) | (870699) |

Source: <https://jr-statics.s3.amazonaws.com/jrf/AnnualReports/annual-reports-2016-17.pdf>