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**I AM  
LIKE A  
JUNKIE  
LOOKING  
FOR  
HIS NEXT  
FIX**

**Why Sunil Mittal  
needs MTN real bad**

by Neelima Mahajan-Bansal

# THE MAGIC CARPET

Kanni Devi's hands work deftly as they knot brightly coloured wool on tightly wound warp threads. "Do taar chodd ke lagaale re; lal jhai sabaj bachcha; kala chalta," she sings. Her husband Chottelal, who is working at the other end of the loom, chants, "haanji", in sync. It sounds like a Rajasthani folk song but is really instructions based on the design template this carpet has. Loosely translated, it means, "Leave two strings and then put the red on the red; put it behind the green; and put it right on the black."

Photographs: Amit Verma

**Window of Opportunity** In an industry known for exploiting workers, Nand Kishore Chaudhary's Jaipur Rugs is transporting thousands of weavers to a better life

Kanni and Chottelal are two of the 125 carpet weavers in Narhet, a tiny village close to Jaipur. Narhet is what local administrators term as a "landless village". No one here owns land. Most belong to impoverished backward classes and 70 percent are into rug-making.

Carpet weaving is an industry associated with worker exploitation in the popular imagination. But over the last three years, things have changed for Kanni and Chottelal. Chottelal, who has always lived hand-to-mouth, recently took a Rs. 1 lakh loan to build a *pukka* house. He put both his daughters in a private school, for a fee of Rs. 100 per child. One month ago, he filed a health insurance claim — and got Rs 1,400 — for hospital visits. He keeps his latest acquisition, a Nokia mobile phone, under his loom. "We would love to buy a TV too but because of the hill ranges around, we don't get TV signals here," says Chottelal. Kanni wears bright magenta lipstick now, an indulgence that was unthinkable three years ago.

Earlier the couple used to weave carpets for contractors who paid them Rs. 50-60 per day per person. Now they earn above Rs. 100 a day each. The raw material is delivered to them unlike before when they had to travel to town to get it. Chottelal now has a better sense of carpet weaving, as he has received rigorous training.

Like Kanni and Chottelal, scores of families in this village have made the crossover to a better life.

### Changing the Template

The soft-spoken Nand Kishore Chaudhary, founder of Jaipur Rugs, is the person responsible for all this. Chaudhary doesn't speak much English and has never studied in a business school. But the social enterprise model that he has created for Jaipur Rugs has changed the lives of 40,000-odd weavers in villages across 10 states in India.

Under this model, his Rs. 67.75 crore (turnover) company engages independent weavers in far-flung villages — none of whom are on his rolls.

The idea first came to him in 1990, when he realised that the government

was keen to promote carpet weaving in the tribal belts of Gujarat. "The government was using co-operative societies to develop carpet weaving in Gujarat. But I felt that co-operatives couldn't do this well so it would be a great opportunity for me," says Chaudhary. So he relocated to Gujarat and, for eight years, developed a weaver network there. He deputed area commanders to oversee the existing business in Rajasthan. "We had 200 looms in Rajasthan by then and wherever we had a concentration of 50 looms, we would depute an area commander to monitor them, distribute raw material and supervise quality," says Chaudhary.

Communication was a problem in those parts of Gujarat and Chaudhary needed to be in touch with his weavers. So in 1992, he set up a wireless network there! Since then, he has travelled across India to develop a weaver network. By 2015, Jaipur Rugs aims to have 100,000 weavers on board. For that, Chaudhary has deputed

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- Nand Kishore Chaudhary, founder of Jaipur Rugs

two people who are constantly on fact-finding missions across the country looking for new regions where carpet weaving can be done. "We recently found that in Orissa, there are lots of Muslim women who aren't allowed to go out of the house. They end up becoming *beddi* workers earning Rs. 10-15 a day," says Chaudhary. So Jaipur Rugs started a pilot project in six regions with 500 weavers on board about 18 months ago.

But working with scattered communities of weavers makes it tough to maintain quality standards acceptable to international clients.

Another alarming fact: Each month Jaipur Rugs was incurring a loss of Rs. 5



lakh (on a turnover of Rs. 4 crore) due to defects. "That is Rs. 60 lakh wasted each year due to mistakes!" he says. "After a carpet is woven, it goes through 27 other processes and the defects were proving to be a big drain."

To tackle that, Chaudhary put in place an army of quality supervisors who visit every loom at least twice a week. The weavers — some of whom have been working for contractors for years — are given intense training where proper processes are enforced. "Changing habits is tough. Weavers, who have worked for contractors all these years, are not used to being process-driven. Even the trainers don't take us seriously initially," says Chaudhary. Constant communication, he says, is key.

Chaudhary also embarked on a mission called Zero Defect that is being piloted in Narhet. It lays down the processes that the weaver must follow. Says Deepak Sharma, director, Kanvic, the consultants who have taken on the task, "We developed a booklet for the processes the quality supervisors are supposed to look at — this has a full checklist."

During a seminar, Chaudhary picked up the idea of implementing Quality Circles, or forming volunteer groups that analyse, discuss and find solutions to larger organisational challenges. "I tried to implement this concept with the weaver community by forming self-help groups for them," says Chaudhary. "These groups meet regularly, brainstorm and solve problems."

### The Next Level

Chaudhary also ensures that the company implements the most modern techniques to help business. Recently, the company invested Rs. 50 lakh and implemented an ERP package (enterprise resource planning package — a company-wide computer software system). Then, in 2007, it took on board a search engine optimiser to ensure that the company name would show up prominently in Web searches. Says Yogesh Chaudhary, N.K. Chaudhary's son, who looks after the IT aspects of the business, "Our Web presence was very limited. But after doing search engine optimisation, people can now find our company easily

online." Similarly, they realised that many of the small buyers abroad — who are also the most profitable — did not understand English. So Yogesh launched Jaipur Rugs' Web sites in other languages.

Chaudhary also realises that increasingly, buyers want to work with companies that do not have exploitative practices. Which is why, Jaipur Rugs applied for and attained Social Accountability International's SA 8000 Workplace and Human Rights Standards.

Chaudhary believes that everyone working for the company is part of a family. The Jaipur Rugs Foundation (JRF), a welfare foundation for weavers, fits in perfectly with this belief. Says Devendra Shukla, director, JRF, "The foundation aims to take weavers to the next level and make them stakeholders in the business." It provides skill training, skill upgradation, computer-aided design training and entrepreneurship development. It also gets the weavers Artisan Cards, a government initiative that allows artisans several benefits, helps them get health insurance, and forms self-help groups (SHGs) of weavers.

JRF is also trying out a new experiment

### A POSITIVE SPIN

**The Man:** Nand Kishore Chaudhary, 55. He started with two looms and nine artisans in 1978.

**The Company:** Jaipur Rugs is one of India's largest carpet exporters. It has a network of 40,000 weavers across 10 states in India. The carpets sell in over 20 countries across the world.

**The Business Model:** Each artisan is an independent entrepreneur, but gets training and other professional help from the company.

**Social Impact:** Artisans' incomes have increased dramatically. The company launched Jaipur Rugs Foundation (JRF) in 2004 which works in the areas of skill development, rural employment, education and healthcare for rural artisans.

**Academic Impact:** C.K. Prahalad is including a case study on Jaipur Rugs in the fifth edition of *The Fortune at the Bottom of the Pyramid*. Chaudhary has given talks at Wharton School of Business and University of Michigan's Ross School of Business. Prof. B.N. Hiremath and Prof. H.K. Mishra from the Institute of Rural Management, Anand, are working on a case study on the value chain of Jaipur Rugs and its impact on the livelihood security of weavers.

where it will form SHGs of weavers, bring them together as a company or a trust, and produce carpets under the new company's own brand. A pilot for this is on in Thanagazi in Rajasthan. The ownership of the brand will lie with the weavers and Jaipur Rugs will don the role of a mentor.

A couple of months ago, Chaudhary got a phone call. The voice at the other end said, "Mr Chaudhary, this is CK. Do you know me?" Chaudhary almost fell off his chair. The person on the line was management guru C.K. Prahalad — Chaudhary had met him at a TiE (an NGO for promoting entrepreneurship) seminar in Jaipur in January and told him about his company. Jaipur Rugs is now being documented as a case study in the fifth edition of Prahalad's *Fortune at the Bottom of the Pyramid*. Chaudhary is also being invited by business schools like Wharton to talk about his business model. Teams of students and professors from INSEAD and IMD are also visiting his company. Says Chaudhary, "I love exploring. I experiment with small things. When I see the results, I get excited. And that prompts me to do bigger things." ■