

**Introduction:** - Nepal is a landlocked country in South Asia and is bordered to the north by the People's Republic of China, and to the south, east, and west by the Republic of India. It has an area of 147,181 square kilometers and a population of approximately 30 million. Its GDP for the year 2005 was estimated at just over USD39 billion. Agriculture accounts for about 40% of Nepal's GDP and employs about 76% of its workforce and the adult literacy rate is 41.7% whereas the illiterate population according to the 2000 figures estimated by UNESCO is 7.9 million.

A huge majority of the population is illiterate and hence involved in agriculture and other labour intensive industries like the carpet industry. With the global economy in recession, the carpet industry has been hit hard. Moreover with most of the urban areas being over populated and the basic problems of sanitation, drinking water, electricity, housing and unemployment faced by the general public at an all time high, a project by the name of Global Village project is being introduced by Samling Carpet Industries as an alternative for the survival and prosperity of all players in the carpet sector so that everyone involved in it can live a life of dignity and honour.

**Global Village Project:** - The Global Village project is the brainchild of Samling Carpet Industries and is located at Meghauri in the Narayani Zone of Chitwan District of Nepal. This idea evolved after a brainstorming session conducted by the Nepal Carpet Exporters Association on the 2<sup>nd</sup> Jan 2009 laid bare the grim realities of the Nepalese carpets industry and the immediate steps needed for its revival. Since this is a labour intensive industry, millions of lives are affected by it on a daily basis.

This idea for setting up the Global Village Project got further impetus after the Ministry of Finance of the Government of Nepal launched the Yuva Tatha Swarojgar Scheme wherein the poor and unemployed people can avail of this facility to get a loan of NPR 200,000.00 for a 5 year tenure for people to make a living. People benefitting from this project will produce carpets at a micro level during this period and Samling Carpet will give a buy back guarantee that carpets produced under this scheme during this period will be purchased by Samling Carpets. Under the Global Village Project of Samling Carpets, 300 workers will team up to form a model unit at the micro level to produce carpets and this can be further expanded to set up more other model units and may contribute to the growth of more Nepalese entrepreneurs in the carpet industry. Alternatively, the land can also be used for farming and marketing the produce to nearby

urban areas. With adequate assistance and support from the Government, we hope this can be a model of development for all entrepreneurs of the carpet industry to take note of.

**History of Carpet weaving in Nepal:** - The art of carpet weaving is an old tradition in the Nepal, especially in the mountainous region of the country. The marketing of these products was confined to the domestic market. The development of an export quality carpet was initiated with the influx of the Tibetan refugees in the early sixties. Credit goes to the Swiss Agency for Technical Assistance (SATA) for their contribution, in the development of the carpet industry in Nepal through financial, technical and marketing support to the Tibetan refugee's re-settlement programs. In the beginning, it was launched as a source of livelihood for the Tibetan refugees and marketing was limited to tourists visiting the country. Efforts to gain access in the international market arena paid-off in 1964 when the first commercial shipment left to Europe, namely Switzerland. With vision and entrepreneur skill coupled with assistance from the Government in granting it tax free and a cottage industry status, it transformed into a nationally recognized commercial commodity and remains the most important export product from Nepal.

For instance at the peak of its market in 1996, the carpet industry in Nepal employed around 600,000.00 people as it is entirely a hand made product whereas now, it is just providing a source of income and livelihood to some 150,000.00 people and at the brink of survival. After the tourism industry, carpet industry then was considered the second largest sector earning the Government hard currency but this has dwindled down owing to several unfavourable factors.

**Samling Carpets:** - Samling Carpets started off as a small carpet manufacturer in 1974 and has made giant strides with each passing year. Today, it is one of the leading Carpet manufacturers in Nepal, exporting the Tibetan carpet to wholesalers virtually spread all over the world, its main markets being USA, Italy, Germany and other European Union nations. Each carpet is woven with the finest hand-spun wool sheared from the rare breed of the Himalayan sheep. Whether traditional or contemporary, all the designs are innovative and authentic. It has been aptly rewarded by the **Nepal Chamber of Commerce** for more than a decade for outstanding contribution to the export of Nepalese Carpets every year and also by the Government of Nepal by conferring the

**Commercially Important Person (C.I.P)** Award for two consecutive years since its inception.

**The Human Touch at Samling:** - The Company realizes that the fundamental secret to maintaining a successful business in a sustainable manner is to take care of the environment and its employees. We have our own health clinic providing medical facilities to our workers, and out of compassion and feeling of sharing and caring, to the local people as well. We are also running a kindergarten and Secondary level school at the factory premises with about 470 children of our workers, staff and the low-income families at the neighbourhood besides some 20+ orphans. We have a modern water treatment plan and all dirty and waste water discharged during the carpet washing process is recycled and purified.

**Technical aspects:** - The Nepalese- Tibetan carpets contain a very high degree of hand processing and qualities ranging from 60-150 knots per square inch. A 60 knots quality carpet has a thick strong body; soft handle is quite heavy and very lustrous and takes about 185.61 man hours to produce one sqm of this quality whereas the finest in this quality with 100 knots takes about 274.38 man hours to produce one sqm. When we calculate the man hours, we take into account right from the spinning of the carpets to the final finishing stage.

**Market Value:** - Importers in the US like Tufenkian Carpets and Odegard pay up to USD 350/sqm for wholesale carpets while the retail price for the same quality goes up to USD 1200 at major cities in the US like Bloomingdale in Manhattan and Los Angeles. Samling Carpets employs the finest architectural and designer brains from the west and combines it with the traditional expertise of the east to materialise our products. Samling carpets can also sell these carpets at USD 350/sqm CIF or below to any buyers that the UN, the World Bank, international donor agencies would find for us as we have an existing network facility in Frankfurt, Milan, Beijing, New York and are in the process of developing more in Taiwan, Hong Kong, Thailand, Japan and other major cities in the United States.

**Competition with our Neighbours:** - Our two giant neighbours in the north and the south, v.i.z., China and India are also not far away in the development of carpets as an industry. They have a huge amount of resources of both men and material and cheap labour coupled with the advantage of having huge sea ports and easy access to the international market compared to Nepal which is a land locked country. Both the Governments of China and India have given huge subsidies and incentives to this industry to grow in their respective countries and all materials necessary for the manufacturing of carpet is domestically available there whereas for Nepal, we are just a producing country and we have to import everything. For e.g. in China the government supports with marketing and also gives capital loan and in India the government gives 20% kick back and does not impose any taxes and treats the carpet industry as a cottage industry. It is these factors in the north and the south and their access to cheap labour, huge growing economies and supportive government that Nepal has to compete with.

**Conclusion:** - Since carpet is a labour intensive industry, a huge number of lives and livelihood are dependent on this sector. Moreover with the unemployment very low in the country coupled with the global recession, speedy measures by the Government, UN, World Bank and other international donor agencies would help in alleviating the suffering to a huge number of people and give them an honourable and dignified existence.