

# REPORT

On

## **Market Linkage Mechanisms for Mabhubani and Sikki Art and Craft: A Study on the Business Process of Producer Group**

## Acknowledgement

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Thanking You,

Prashant Kumar.

## Preface

Marketing should not be looked upon in a vacuum or in isolation. It is essence taking a view of the whole business organization and its ultimate objective concern for marketing linkage must penetrate all areas of enterprise. To study the business process in today's competitive world is a must for every organization.

This report on Market Linkage Mechanisms for Mabhubani and Sikki Art and Craft: A Study on the Business Process of Producer Group. The rationale behind this particular study is to find out the factors involved in the sale and cost of production of the product and to develop a suitable model to help the Producer group and BRLPS to promote its product in the market. It was a pleasurable experience to conduct a research on behalf of Bihar Rural Livelihood Promotion Society(Jeevika)pertaining to the study of the Non-Farm Sector.

To carry out this research a simple study was pursued where the target was made to the producer group in Madhubani region. Various statistical and analytical tools and techniques are applied to ascertain and depict the present scenario.

Conclusion and there by recommendation has been arrived at by proper and justified interpretation of the result from the above said analytical tools and techniques.

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## Executive Summary

To work with a State organization with a World Bank Supporting is an immense pleasure. The Organization Bihar Rural Promotion Society works on policies and guidelines which help them to work efficiently to achieve their goals and target.

When I started working on the topic which was given to me i.e. Market Linkage Mechanisms for Madhubani and Sikki Art and Craft: A Study on the Business Process of Producer Group, I was explain how the organization works and was given a set of policies and guidelines that was required for a producer group to function efficiently and Studied the various business models of handicraft industry.

After completing the task I visited my field area i.e. Madhubani district and met my guide. After reporting there in District Project Coordination Unit, Jeevika, I started my work by visiting the producer group involved in Madhubani and Sikki art and craft and studied the existing business model and find out their operational process, their cost center and their profit center and that would help me in developing an suitable business model. In total I visited five producer group in madhubani district which is well established and functioning and collected all the data required of the completion of the work and the report.

## Introduction

### Handicraft Industry Overview

The story of Indian Handicrafts dates back to one of the oldest civilisations of the world. Indian Handicrafts represents beauty, dignity, form and style. In the 1970's, the government initiated the preservation of crafts, skill upgrade, and the challenges the sector was facing. However the focus shifted to export in the later decades. It plays a significant role in the country's economy and provides employment to more than 7.3 million people; mostly from rural and semi-urban areas. Based on historical trends, the Handicrafts sector is expected to grow by 16% during 2013–17 and by another 16% during 2017–22.

Handicraft activity is predominantly carried out in the unorganized household sector. Handicraft artisans/ manufacturers are household members practicing handicrafts activity jointly at their residence, who if need arises employ other handicraft artisans for work. In many regions of the world, handicrafts sector has been identified as the second largest sector of rural employment after agriculture.

The handicrafts industry has over the years contributed significantly to the employment and foreign exchequer of the country. It is omnipresent with each state contributing through one or more crafts and has made tremendous progress during the last decade. However, despite the large production base the market at international level is still unexplored. India's share in the world handicraft exports is less than 2%. There is, therefore, an urgent need to raise the share of India's exports from about 2 – 4% of world exports in the next 5 years thereby ensuring that the contribution of exports sector to the growth of the economy is further enhanced.

#### Sector Specific Indicators (2011-12)

Production	INR 302.57 billion
Growth rate of production (base 2008–09)	16 percent CAGR
Exports	I NR168.51 billion
Growth rate of exports (base 2008–09)	15 percent CAGR
Employment (estimated)	7.2 million

Source: National Skill Development Cooperation journal.

## Importance of Handicrafts

Handicraft sector occupies a prime position in the Indian economy. It is the largest employer, next to agriculture. The sector, while providing livelihood for thousands of artisans, provides avenues for realization of social and cultural potential of millions of people. The mythological, religious, social, historical and artistic expressions in crafts symbolize the strengths of Indian heritage while combining in these crafts both utility and beauty.

High employment potential, low per capita investment and high value addition, involvement of women and weaker section, eco friendliness and the potential to stimulate creative talents make the sector one of the most preferred sectors in the process of economic development.

India which consists of a variety of ethnic traditions and culture is also a treasure house of Indian handicrafts. Exquisite handicrafts using diverse raw materials are produced in different parts of the country. This include art metal ware, wood ware, hand printed textiles and scarves, leather crafts, hand knotted carpets and embroidered goods, wood design, shawls as art ware, stone carvings, imitation jewellery and miscellaneous other handicrafts.

One of the unique feature of the handicrafts is that more often the same item of the handicraft, produced in different regions, are different from each other in terms of the craftsmanship, style, colour combination and finish by artesian creativity.

## Constraints in the Handicrafts

The handicraft sector in India, despite having economic and social significance, currently faces a number of threats and challenges which hamper its growth. These issues can be tackled through appropriate policy measures as well as developmental activities. Some of these issues have been highlighted in the following sections.

**High state of decentralization:** Most of the artisans working in the sector prefer to work independently, not collectivized in any formal structure. Hence all their activities are decentralized, minimizing their efficiency and production capacity. This independent working structure has a huge impact on the individual cost of raw material, transportation and other ancillary activities.

**Lack of access to credit:** At present most of the artisans engaged in the sector are from economically weaker sections, and constantly face problems due to lack of resources. There is a huge deficit between their financial requirement (for daily expenditure & working capital) and their earnings. To meet this deficit they forced to seek credit from local sources- traders and money-lenders, who charge a very high interest rate and have highly inflexible terms.

**Lack of empowerment:** Due to the existence of an unorganized and informal structure in the handicrafts sector, it has lead to high level of dependence of the artisans on external factors for support in various activities in the input and supply chain. These external factors are often found to be the middlemen (usually traders), who exploit these artisans for their own profits.

**Inadequate raw material input:** At present majority of the artisans source the raw materials available locally (from natural resources, local markets, etc.). Some of these artisans use recycled raw materials (mostly scrap) due to inadequate supply or non-availability of good quality raw material. And due to over-utilization of the local resources, the artisans are forced to opt for alternate sources.

**Inadequate Infrastructure and Technology:** The artisans are still using the age old technology and methods of production, which are highly inefficient. This restricts their production capacity and the quality of output. This is due to the lack of awareness or knowledge about the availability of appropriate tools & technology and other developments in the sector. Reluctance amongst the artisans to incorporate these changes is also an important factor aggravating this issue. Also the lack of basic infrastructure and civic amenities- high cost of transportation, irregular electricity supply, sewage, worksheds, warehousing, etc. impact the development of the entire sector.

**Limited access to markets:** The demand of handicrafts products in the domestic as well as international market is huge and varied, majorly governed by the buyers demand and requirements. Despite such a high demand, only a fraction of artisans engaged in this sector have been able to utilize this opportunity; while most of the artisans have only been able to access just the local markets. As a result these artisans are absolutely dependent on traders, acting as middlemen, to sell their products in markets other than the local ones. Newer and better markets need to be linked to them directly so as to facilitate the development of the entire sector.

## **Market Linkage and Product Definition**

The market linkage model of social enterprise facilitates trade relationships between the target population or “clients,” small producers, local firms and cooperatives, and the external market. The social enterprise functions as a broker connecting buyers to producers and vice versa, and charging fees for this service. Selling market information and research services is a second type of business common in the market linkage model. The market linkage model can be either embedded or integrated.

If the enterprise is stand-alone; its mission revolving around linking markets, and its social programs support this objective, the model is embedded. In this case, the social program is the business income generated from enterprise activities is used as a self-financing mechanism for its social programs.

Market linkage social enterprises are also created by commercializing an organization's social services or leveraging its intangible assets, such as trade relationships, and income is used to subsidize its other client services. In this second example, social program and business activities overlap, hence follows the integrated model.

**Madhubani painting or Mithila painting** is a unique style of Painting, practiced in the Mithila region of Nepal and in Indian States of Bihar. Painting is done with fingers, twigs, brushes, nib-pens, and matchsticks, using natural dyes and pigments, and is characterized by eye-catching geometrical patterns. There are paintings for each occasion and festival such as birth, marriage, Holi, Surya Shasti, Kali Puja, Upanayanam, Durga Puja etc.

**Sikki grass crafts** are various handicrafts that are made from a special kind of grass known as sikki found in Bihar and Uttar Pradesh, India. The art of making items from sikki grass is an ancient one in the province of Bihar.

The women of Mithila region of North Bihar are known for their impressive craft skills. From the early centuries they have been making beautiful Sikki Craft apart from the very famous Mithila Painting, Godna Painting, Papiermache, Sujani Embroidery, Appliqué works etc. Sikki is a type of grass of golden colour which is grown in the wet and marshy area around rivers and ponds in Mithila region of North Bihar.

So we need to find the Market Linkage Mechanisms for Madhubani and Sikki Arts and Craft and Study of business process Cluster Level Federations. Thus, explains rationally that social enterprise connects or bridge the gap between the various arts and rural poor by generating livelihood opportunities.

## **Marketing Practices in Madhubani And Sikki Handicraft**

Marketing touches everyone's life. Marketing involves a large number of activities, including Marketing research, Product development, Distribution, Pricing, Advertising, and Personal selling, Sales promotion, Packaging and Branding. Marketing combines several activities designed to sense, serve and satisfy consumer needs while meeting the goals of the organization. Handicraft units, which are mostly run by individuals or by community (Samhu) form organization can't afford to have separate and well-organized marketing system.

The artisan-cum-proprietor of the unit looks after all the functions with the help of members of his family. Most of his time is spent in the production. In case, he has a little time at his disposal, he uses it for acquiring raw materials. Usually, he has little knowledge and market information relating to his products. Hopefully, the artisans involved in Mandubani painting and Sikki handicraft give little importance to the vital marketing function. The important marketing aspects are discussed under the heads of the following are: i. Product ii. Price iii. Place iv. Promotion.

**I- Product:** A product is a set of tangible and intangible attributes, including packaging, colour, price, manufacturer's prestige, retailer's prestige, and manufacturer's and retailer's services, which the buyer may accept as offering wantsatisfaction.

**Product-Line:** Firms which market only one product are rare today. Most firms offer a product line. A product line is a group of products related in function or customer purchase needs. The benefits of changing the composition of the product line, by either adding or subtracting products, depend on a number of factors- the preferences of consumers, the tactics of competitors, the firm's cost structure, and from the product to another name but a few. The producer group involved in the handicraft have products lines i.e. cloths, decorations, stationary and accessories and these producer group units produce a number of products applying the concept of product line. The size of product line depends on the demand for products and availability of resources like financial and raw material.

**Product designs:** The Design of a handicraft product should be in accordance with the tastes and preferences of customers. There are three types of designs viz., conventional, modern,

combination of conventional and modern which are usually adopted by artesian. Conventional designs are age-old and traditional designs. While modern designs are in keeping with the changes of consumer preferences and tastes. As training is given by Jeevika to all the artist in producer group involved in madhubani and sikki, the artist design the product own their own imagination and on their own thinking and creation. They both can be Conventional or can be Modern.

**Product planning and development:** Product planning and development can be found even in handicrafts. Handicrafts are the products of creativity and workmanship. Artisans, usually, strive for excellence in their crafts by undertaking product planning and development in the producer group.

**II –Pricing:** Price is a measure of what one must exchange in order to obtain a desired good or service. Price is the monetary expression value and is the focal point of the entire exchange process. Historically, prices have been set by buyers and sellers negotiating with each other. Sellers would ask for a higher price than they expected to pay. Through bargaining they would arrive at an acceptance price. Setting one price for all buyers is relatively modern idea.

**Fixing the price in Product :**The craftsmen are unable to estimate the exact cost, but the Samhu does. Price is decided by the artists themselves (Didis) and it include all the cost of Production, Artist grade has given preference and 20% is Deducted from Selling Price as a community fees. The craftsmen have said that they fix prices of articles basing on its market acceptance and basing on the price offered by master craftsmen, dealers and co-operative societies But InSikki producer group have to bargain their labour cost in fixing the price of the product. The Didis in the sikki PG do the simple maths and they give 20% community fees which include cost of production and take 80% as their labour cost.

**Taxes on the Product:** Sales tax is not only high on handicrafts but also varied from craft to craft. It is suggested that the State Government may exempt handicrafts from sales tax, as it is already done in States like Bihar, Madhya Pradesh and Kerala. So these Product are sold tax free.

**III-Place:** Distribution is concerned with the activities involved in transferring goods from producers to final buyers and users. It includes the physical activities, such as transporting, storing goods and the legal, promotional activities for transferring ownership.

The artisans depend mostly on Broker and Agents. Jeevika gives those hart and Mela in Kerala, Jaipur, Assam, Patna, Delhi, Mumbai etc. Regular buyer's like Tesser India, Sassa (Kolkata), Jiyo India (Delhi), InDesign (Mumbai), Agency (Ahmedabad) etc.

**IV- Promotion:** Basically, it is communication information between buyer and seller to change attitudes and behaviour of consumers. Promotion-mix includes advertising, sales promotion, personal selling, publicity and packaging.

**Advertising of Handicraft:** Advertising is not undertaken by and respondent. The small scale operation of the artisans does not permit the craftsmen to undertake advertising of their products individually. For the promotion of handicrafts, the Corporation (Samhu) has beenprinting of brochures, and participation in trade fairs. Other forms of publicity include participation in trade fairs, and sponsoring trade / study teams covering particular crafts to other States in the country.

**Promotions in Handicraft:** Sales promotion covers a wide range of techniques that provide an extra short-term incentive or inducement to patronize a store or buy a product. Techniques include demonstrations and exhibitions, samples, premiums, coupons, games and contests, displays and package inserts. In general, sales promotion is designed to reinforce the other factors of the promotion mix and to improve their short-term effectiveness. Here the word of mouth plays an important role in promotion of handicraft product. As Madhubani district is famous for its sweet and madubani painting people promote this with word of mouth.

## Review of Literature

Prajapati and Laila(1981). Development of Handloom Industry: Deep & Deep, New Delhi.

In his Article tries to explain that the diversity marketing in craft industry, recommend regular market survey to compile market information to design workable solutions to solve market problems.

Thaimani, K.K. (1987). Handicrafts during seventh five year plan, paper presented in National Seminar on development and management of Handicrafts cooperative 24-26th November, VAMNICOM.

In his Article author focuses on the study focused on the lack of market awareness is the main obstacle for any village enterprises to put up their products in urban markets.

Dak, T.M.(1989). Rural Industrialisation: Challenges and Responses, North Book, Delhi, pp-23-24.

The author here has been listed out reasons for the failure of village crafts such as poor designs, low quality materials and inefficient market approaches; consequently, these weaknesses are exploited by machine made urban craft units, who apparently lockout village crafts from global markets.

Florence, K.(2005). Uganda Handicrafts Export Strategy, ITC Report, WTO

The author review suggest strategic measures to improve markets for village crafts, often supply of scattered, insufficient and unsystematic data on production and sales; will be the major obstacles for them to develop quantitative marketing strategies.

Resource centre (2010). Euro zone crises to hamper leather industry.

The Resource centre reveals that the euro crises can affect the profit margins and hence will difficult to remain in the market. The players in the leather industry are small & cottage leather manufacturers and do not have the financial potential to use hedging techniques.

Sanyal, S., Banerjee, S. and Majumder, S.(2010). India's Leather in the World Market: Exploration of Recent Trends, Trade and Development Review **3 (1)**, 22 – 58

Sanyal, Banerjee and Majumder performed study on the Leather Industry in India by using the Constant Market Share (CMS) Analysis, find the change in export from (1991-2006) and conveys that the leather export has been seen decreasing due the change in demand in the world, change and market competitiveness.

## Statement of the Problem

By studying mechanism of market linkage for various art and craft through producer group(PG) would help BRLPS to find the loophole in promoting these art and craft such as sikki, sujani and madhubani painting and to take up different tools for sale promotion. The study would also help the organization to restructure the distribution channel and elimination of middle men for madbhubani and sikkiart and craft.

1. How to develop portfolio for the buyers by studying the existing model of the producer group.
2. What should be the model to meet the demand of the buyers.
3. How does a producer group apply the tools of marketing to promote their product and what are the initiatives taken by BRLPS, Jeevika to support the producer group.

## Methodology of the study

### Research Design:-

For understanding the market linkage mechanism retrospective prospective, cross-sectional and exploratory research designs should be taken into account. This research design would help me on systematic planning for collecting and analyzing the data efficiently.

Respective prospective research design would help in study the existing model of the producer group and with help that try to develop an new business model for producer group involved in Madhubani and sikki art and craft. Cross-sectional research design would help in the one-time study about these art and craft and exploratory research design would help in depth study about these art and craft.

### Sampling:-

**Universe of study-** The universe of the study will take upon the various producer group involved in Madhubani and Sikki handicraft in madhubani area.

**Sampling Technique-** The sampling technique would involve can be:-

Convenient sampling- the sampling based on the convenience of the researcher i.e. he/she can take any one from the universe of study to do his work and to make his research in progress.

**Sample Size-** Approximately a sample size of 5 producer group in Madbhubanidistrict will be taken for the collection of data. Depending upon the production, workforce and efficiency.

### Source of data collection:-

There two types of sources of data collection such as primary data collection and secondary data collection.

#### Primary source of data collection:-

The sources of collecting primary data are the respondents belonging to following categories:-

1. Artists involved in madhubani and sikki art and craft.
2. Producer group members.

### **Secondary source data collection:-**

Apart from primary sources secondary sources can also be used for data collection. Sources are:-

Magazines

Books

Journals

Newspaper and articles

### **Method of data collection:-**

Systematic procedures applied for collecting required information to answer the research questions. The method of data collection can be the following:-

#### **Non Participant Observation**

This would help the investigator to study the business process of a Producer group involved in Madhubani and Sikki art and craft through non participant observation.

#### **Focused Group discussion**

This would help the investigator to study the business process and to understand market linkage mechanism.

### **Tools for data collection:-**

The tools for collecting data for the study of understanding the market linkage mechanism for madhubani and sikki art and craft can be as follows.

1. FGDs Checklists.
2. Camcorder

### **Data Analysis and Interpretation:-**

The data collected for study of market linkage mechanism can be both in qualitative and quantitative in nature. For qualitative data can be interpreted through explanation and

description. Quantitative data can be interpreted by tabular, graphical representation such as bar diagram and by pie-chart.

## **Hypothesis**

1. It is optimistically being assumed that by developing a suitable business model that will be implemented will provide a source of revenue generation for the Producer group in the rural setup. There by improving sales and costof production and would help in repayment of their loan easily.
2. The Market linkage would help the producer group to meet potential buyers who have good marketing sense and can boast the sale figure of the producer group.

## **Organization and the Study Profile Area**

Bihar Rural Livelihoods Promotion Society (BRLPS) popularly known as JEEViKA was established in 2005 by Government of Bihar, GoB with the assistance of World Bank for Poverty Alleviation in the state. The World Bank assisted Bihar Rural Livelihoods Project was launched in 2006.

After a successful pilot in 22 villages across 5 blocks in 2006, the project expanded to 18 blocks in 6 Districts in 2007. In 2009, 24 more blocks were added. JEEViKA commenced operations in 11 more blocks of 3 districts in Kosi area under Bihar Kosi Flood Recovery Project in December, 2010. In April 2011, JEEViKA was designated by Government of Bihar as State Rural Livelihoods Mission to roll out National Rural Livelihoods Mission in entire state. JEEViKA has upscaled its interventions in 533 blocks across 38 districts in February, 2014.

JEEViKA promotes rural livelihoods and enhances social and economic empowerment of the poor, particularly women. The project has been making significant strides in supporting and nurturing institutions of the poor, its federations and their livelihoods.

### **Objective**

Social and Economic Empowerment of the Rural Poor through:

- Creating self-managed community institutions of poorest of the poor and poor households.
- Enhancing income through sustainable livelihoods.
- Increasing access to social protection including food security through greater voice.

### **Mandate**

To mobilize 1.5 crore Rural poor HHs into 11 lakh SHGs, 65000 Village organizations (VOs) and 1600 Cluster Level Federations (CLFs).

### **Functioning**

The top management of the organization comprises of the dedicated society general body and executive personnel who with the authority formulates guiding principles and policies which are undertaken by State Project Management Unit(SPMU), the SPMU is in the capital of Bihar i.e. Patna which is headed by Chief Executive Officer(CEO) and Addl. Chief Executive Officer which are supported by Thematic Heads i.e. State Project Manager (SPM) and Project Manager and they formulate guiding principles and policies which is mandatory for District office to coordinate.

The District office has District Project Coordination Unit (DPCU), the DPCU is in nine district of Bihar each DCUP has its District Project Manager(DPM), who is in charge of the district and he/she is supported by thematic heads and the lay down policies and guidelines for the block office to implement. In the Block Office which is called Block Project Implementation Unit (BPIU). In each BPIU has a Block Project Manager (BPM) who is the in charge of his respective block and he/she is assisted by Livelihood specialist, AC and CC.

The role of the BPIU is to allocate Community Based Organisations and formation of Cluster Level Federations (CLFs) take care of the Village organization (VO) and VO looks after the Self Help Group (SHG). The Block also has its production unit which is Known as Producer Group (PG) and Producer Companies (PC) which has different set of policies and guidelines other than CBOs.

In each Stage for smooth functioning of the organization and the thematic managers are assisted by supporting staff and by Young Professional (YP), in laying down the policies and guidelines.

## **Area of Study**

The research study was conducted in three block of madhubani district where the producer group is established, the blocks where Jhanjharpur, Rahika, Raj Nagar. Madhubani is Producer Group 1: Kala KritiJeevikautpadaksamhu Raj nagar, Madhubani was established in 1<sup>st</sup> July, 2014 with 40 members. The bank a/c was opened on 10<sup>th</sup>July,2014. Jeevika has given Rs. 400000 as a start-up loan and has given one month basic training and 3 months advance training of designing of the product. This PG has vivid range of product and product line.

Producer Group 2: SilpSanghJeevikautpadaksamhu, Ranti, Raj nagar, Madhubani was established in 1<sup>st</sup> July, 2008 with 55 members. The bank a/c was opened on 9<sup>th</sup> Sept, 2010. Jeevika has given no financial inclusion as a start-up loan and has given 15 day basic training and 1 month advance training of designing of the product. This PG has vivid range of product and product line. It is a well estblished producer group mentored by Jeevika.

Producer Group 3: MadhubanMithla Kala JeevikaMahilautpadaksamhu,Jithyarpur, Rahika,Madhubani was established in 1<sup>st</sup> Jan, 2014 with 40 members. The bank a/c was opened on 8<sup>th</sup> Aug, 2014. Jeevika has given Rs. 500000 as a start-up loan and has given one month basic training and 3 months advance training of designing of the product. This PG does not have distinguished product line but product has a vivid varities.

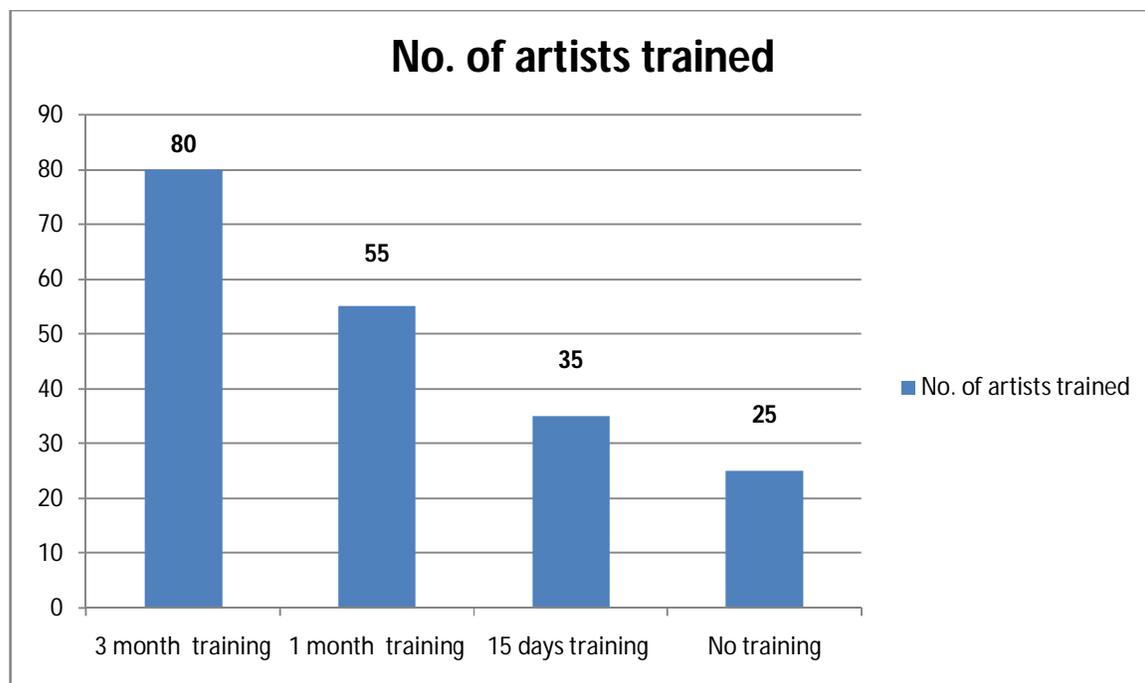
Producer Group 4: SikkiJeevika Gram Sangathan,RaiyamJhanjhanpur, Madhubani was established in 28<sup>th</sup> March, 2011 with 35 members. The bank a/c was opened on 5<sup>th</sup> July, 2011. Jeevika has given Rs. 161000 as a start-up loan and has given one month basic training and 3 months advance training design development of the product. This PG has vivid range of product and product line.

Producer Group 5: GharAnganJeevikaMahila Handicraft, NaruarJhanjharpur, Madhubani was established in 6<sup>th</sup> Dec, 2013 with 25 members. The bank a/c was opened on 09<sup>th</sup> May, 2014. This PG has been going through procurement period.

## Finding and Analysis

The findings and analysis is based on the various outcomes of the research work. The tools of data collection have been instrumental in the outcomes of the research work. The various tools utilized and their outcomes are as follows:

Table 1: Number of Artist received training from Jeevika for SikkiAndMadhubani art and craft.



**Inference:** The above data is collected from 5 producer group with the total member of artist 195 and is collected from focused group discussion and this tables shows how many artisans recived training for 3 months, 1 month, 15 days and no training received from the provider i.e. Jeevika.

## **SWOT Analysis**

SWOT is an acronym for the internal Strengths and Weaknesses of a firm and the environmental Opportunities and Threats facing that firm. SWOT analysis is a widely used technique through which managers create a quick overview of a company's or a firm's strategic situation. The technique is based on the assumption that an effective strategy derives from a sound "fit" between a firm's internal resources (strengths and weaknesses) and its external situation (opportunities and threats). A good fit maximizes a firm's strengths and opportunities and minimizes its weaknesses and threats.

Accurately applied, this simple assumption has powerful implications for the design of a successful strategy. The reason behind a SWOT analysis of the producer group is done to analyse the scenario in which the producer group is working on Madhubani and Sikki art and craft and to determine whether it is favourable or unfavourable for the producer group to work further or not.

### **STRENGTHS**

- Strong existing pool of skilled artisans
- Low production costs
- High potential for empowerment of women, youth and people with disabilities
- Wide range of traditional production skills derived from indigenous knowledge
- Rich and diversified culture producing wide range of unique and exclusive handicrafts

### **WEAKNESSES**

- Lack of design, innovation and technology up gradation
- Limited capitalization and low investment
- Lack of design, innovation and technology up gradation
- Limited access to credit
- Limited resources for production, distribution and marketing
- Limited e-commerce competence among producer groups

### **OPPORTUNITIES**

- Rising demand in domestic and traditional market
- Government support and interest in preserving the craft

- Fair trade practices.
- Increasing flow of tourists provide market for products.
- Increasing emphasis on product development and design up gradation

## **THREATS**

- Decreasing supply of good quality raw material.
- Better quality components, findings and packaging in other countries
- Lack of quality standardization process
- High freight costs associated with air cargo and shipment
- High cost of production rendering Indian crafts less competitive in the markets

## **PESTEL Analysis**

PESTEL, a complementary tool to SWOT, expands on the analysis of external context by looking in detail at specific types of issues that frequently have an impact on implementation of project/ initiatives. The term 'PESTEL' refers to the domains it considers: Political, Economic, Social, Technological, Environmental and Legal. PESTEL involves identifying the factors in each of these six domains that are relevant for the project being considered. A special focus of PESTEL is identifying trends. Thus it is helpful for thinking proactively and anticipating change, rather than being overtaken by it.

PESTEL analysis may contribute to environmental analysis in three ways. First it may enable identification of a smaller number of key environmental influences. Secondly it may also be helpful in identifying long term drives of change in environment. Thirdly it may help to examine the different impact of external influences on organization either historically or in terms of likely future impact.

### **Political Analysis**

The political of a region and country to which the Handicraft firms relates will have greater impact on its growth and sustainability. The government (Jeevika) plays a vital role as the planner, promoter and regulator of business firms. The form of government position is an important aspect of political environment and political stability is an essential factor influencing the growth of producer group.

### **Economic Analysis**

The economics of business refers to overall state of the country/region's economy. It has significant impact on the producer structure and profitability of producer. Economic factors refer to their character and direction of economic system within which the producer

group or the firm operates. The survival of business and industry largely depends on the purchasing power of people which is dependent on economic environment.

### **Socio Cultural Analysis**

The socio cultural dimension of the environment consists of customs, life styles and values that characterize the society in which the firms operate. The culture is the result of complex factors such as religion, language, education, ethical beliefs etc. a social class is identified by income, occupation, life style and class norms. A Socio-cultural is the component through which producer group produce the product which helps them get connected to their customs and values and this environment influences the ability of the producer group to obtain resources, market its goods and services, and function within the society. This helps the producer group to identify the opportunities and threats for their business organization.

### **Technological Analysis**

Technology and business are interrelated and interdependent. Technological changes bring many new opportunities as well as causing threat by making existing systems obsolete. The changing technology may affect the demand for a firm's product and services, but here the technology aspect of the producer group is all traditional as the didis are properly educated and producer group needs new technology like going online to display their wide range of products.

### **Environment Analysis**

Environment means which is conducive and green and the business does effect the environment adversely and the product produced by the producer group is eco-friendly products and does not affect the environment adversely.

### **Legal Analysis**

These factors have both external and internal sides. There are certain laws that affect the business environment in a certain country. Legal analysis takes into account both of these angles and then legislations. For example consumer laws, safety standards, labour law etc.

## Buyer Portfolio

Buyer Name	Contact	Products Required	Favourable	Unfavourable
The India Craft House	Omaxe Gurgaon mall, Sohna Road Gurgaon 122018. Mob: 9911622929 Email: info@theindiacrafthouse.com	Cloths item Decoration Stationary and Accessories.	Reasonable price. Online retail store. International clients.	Reach is less Less popular.
Indiamart.com	7 <sup>th</sup> floor advent-navis business park plot no. 7, Sec142, Nodia, UP. Mob: 9696969696	Madhubani paintings	Trusted Buyer. Online retail store. High on reach.	-
tradeindia.com	Mr.SupriyaPriyadershi SRS Residency C-9/1303, Sec 88, Tigaonroad, Faridabad Mob: 9789178912.	Cloths item Decoration Stationary and Accessories.	Reasonable price. Online retail store.	Reach is less Less popular.
Greenbaaz.com	Kundan Singh Mob no: 8083814113	Madhubani paintings and Handicraft.	Local Store Reasonable Price	Reach is less Less popular.
Fab India	C-40, Okhla Industrial Area, phase-2 New Delhi 110020 Tel: +91 11 40577720 Email: mailus@fabindia.net	Mabhubani work clothes and accessories	Big Player Societal reach Huge Turnover Not profit oriented	-

## **Limitations of the Study**

As said basic research was conducted at the producer group to enable the producer group to assess how far the customers are satisfied with product and its service. During the course of the study the following limitations were observed.

- The internship period was limited, thus collection of further of information was not possible.
- Lack of proper guidance during crucial time.
- It is very difficult to check the accuracy of the information provided.
- The During FGDs the relevant information was not gathered accurately.

## Suggestion and Recommendations

The Art and craft are very much vivid and sensitive in nature and it cannot be crafted by any machinery, therefore it requires a human excellence to design and shape the product.

For an optimum business model I would suggest so points that can be beneficial for the producer groups under Jeevika. I have analysed few sections on which a lot of work needs to be done. Some of the suggestions are as follows.

- Producer group should be treated as a private organisation and have rules and regulation set by Jeevika and give artists target and provide incentive to the one who excels. This would give some competition to the artist and this would help to work efficiently and help them to achieve the producer group target and personal goals.
  
- Division of work into fragments this would help the artisans to complete the product in less time. As the artisans are strictly against division of work, as they think that it will hamper their product. But they understand the benefits of division of work, as it saves time, Enriches team spirit and motivates employees and also makes them more creative.
  
- Availability of raw material should be present to the producer group as many of the artisans working in PG has given feedback that the is no availability of raw material that is the reasons there product-line is not so vivid. And there output is low. Jeevika should take the initiative to connect or create linkage between different producer groupsinvolved in other activity. As this will benefit both the parties to deal with each other and create a market linkage mechanisms
  
- Standardization of the artisans working in the producer group. This actually means a standard is set between the artist according to the skill, creativity and experience. For eg Grade A would be paid more than Grade B artists.

## Conclusion

Madhubani and Sikki art and craft is such a product that when a buyer likes it, he is prepared to pay a price, which may be far in excess of the standard price of the product. The prime consideration is his linkage of the product. Channel agents, such as middlemen, retailer or distributor try to capitalize on such possibilities and earn significant profit almost wholly at the cost of the craftsmen. Handicraft product may be categorized on the basis of price, export on domestic market, ease of maintenance, ease of storage, utility value or decorative value and modernity or traditional orientation. Besides, it is necessary for likeminded institutions to come together to provide the strategic direction and action plans to evolve systems. Procedure and norms related to design, market, technology, innovation and quality of life so that product designs, technology and marketing become integral part of the craft up gradation and repositioning process.

Craft is the standard mark of creativity and the essential differentiator for a country in the sweeping wines of globalization. Most importantly, craft has to become a fountainhead for both industrial design and communication design, for deriving the differential advantage of Indian design in the global market place.

As studying the existing model of the producer group states that it require a proper channel of distribution by cutting down the cost of distribution. Channel of distribution has an inverse relationship with the market linkage mechanisms. Without the proper distribution channel the madhubani and sikki products can easily penetrate into the handicraft market. Therefore the constraints will always be there in each and every business model until and unless proper execution of the model or the plan is not done properly.

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