



Summer Internship at Kudumbashree

Project Report

On

**‘Setting up Value Chain Enterprises
under SVEP’**

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1. Project Summary:

Responsible Tourism is an initiative to ensure local people benefit from the fortunes of tourism sector. Kudumbashree had partnered with Department of Tourism in implementing Responsible Tourism (RT) initiative to supply Kudumbashree products to tourism-related institutions. Taking into consideration the unique context of Kudumbashree, a management agency called LEDS (Local Economic Development Society) was entrusted for sales and distribution functions in 2011. LEDS was involved in providing handholding services to the MEs and helping them to channelize their products to hotels and souvenir shops under the brand name 'Charutha'. The initiative saw new enterprises and groups being formed and an overall increase in economic activity. As per the report submitted the outperformance in cumulative objectives attained by the end of LEDS's engagement with the initiative also presented the immense future potential of this initiative. However due to certain reasons, lack of an established and strong sales and distribution enterprise might be one, the initiative could not be sustained and was dropped later.

This project is aimed at understanding the market dynamics and scope of the above model in the current scenario. It intends to identify the lacunae and areas of improvement to rejuvenate the business and establish a sustainable value chain linking the enterprises with the demand locations.

Deliverables:

1. Preparation of Business models that can be undertaken under value chain interventions.
2. Demonstration of market linkages based on selected business models.
3. Proposal on how community based sustainable management practices can be followed.

2. Introduction:

Kudumbashree has a wide network of micro-enterprises which deals in various handicrafts. These handicrafts have to a certain extent well established domestic markets and their products are of fairly good standard to meet the local demand. But due to dependence on local outlets as well as middle men the artisans are not getting a fair price for their product and the real profits end up being in the hands of the intermediaries. It may be noted that scaling up of the production of these microenterprises for meeting only the demand of the local market further will not generate much revenue as compared to catering to the needs of niche sectors which primarily involves high end customers in the open market. This would involve creating new and innovative crafts following latest trends with some added value which can be sold at a premium. While the quantity sold through this channel may not be in bulk initially but the scope of profit margin for such products would be higher. The purpose of this project is to create a new channel for the Kudumbashree enterprises targeting the high-end customers, besides their already existing local channel. The aim is that with increasing profit margin from open market, the Kudumbashree micro-enterprises would slowly become less reliable on local traders and start increasingly focussing on catering to the demand of outside market.

For the purpose of conducting the study the IIM K interns have pursued the following three routes:

- Visits to Sargaalaya Iringal craft village and Kovallam craft Village
- Field visits to Handicraft micro-enterprises across districts Trivandrum, Kozhikode, Wayanad and Ernakulam
- Field visits to several shops and Responsible Tourism backed institutions like Mascot hotel, Taj Vivanta etc. which has boutiques for handicrafts

While interacting with different stakeholders the following are the key findings that were found:

- Their customers primarily look for something that is unique to Kerala. As such Kathakali and Theyyam forms and elephants are still the most sought after products, in spite these items being ubiquitous.
- The international tourists are more inclined towards crafts which are small in size and hence easier to carry.
- There are not many shops which has dedicated crafts of Kerala origin. Most of these have handicrafts from other parts of the countries as well. The reason for this has been attributed to dearth of good Kerala handicrafts in the market.
- The shops are looking for innovative products which can be differentiated on the basis of design or some added utility.
- Institutions like Sargaalaya are also competing on the basis of eco-friendly materials used. While the price of a product made of natural products might be much costlier than a corresponding Chinese product, but it also has much greater longevity. It is up to the buyer to make a wise choice.

3. Present Value Chain of the Kudumbashree Handicraft Microenterprises:

Since the scale of operation of most of the microenterprises are on a very limited scale, it is difficult to put the sector into a proper value chain framework. However most of actors and activities of the Kudumbashree handicraft sector can be segregated into the following structure.



Actors	Local suppliers of raw materials like bamboo, redwood, solar wood, chemicals etc.	Kudumbashree handicraft microenterprises	Kudumbashree handicraft microenterprises	Local wholesalers, local customers, customers from exhibitions and trade fairs
Activities		designing, crafting, packaging	Transportation, Distribution, logistic	Products mainly see spurt in growth during festival and tourist seasons.
Remarks		Not all the members are involved in producing the product in its entirety. The joint enterprises usually work on a piece rate basis. Some are often involved only on demand basis.	The microenterprises themselves are involved in all the activities. At times end customers also directly procure from their enterprises.	All the microenterprises have invariably mentioned Kudumbashree organised exhibitions as their main source of income as well as contacts to new customers. They also are much reliant on local markets.

Based on the detail interviews (refer to **Annexure 1**) with the Kudumbashree handicraft MEs across districts, following are some of their major challenges that have been identified.

(a) Producer side issues:

- The MEs are not receiving much training on the latest trends and requirements in the market. Most of them rely on their own imagination. This is restricting them to mainly the demands of only the lower end customers where profit margin is very low. They neither have any exposure to latest tools that can enhance their scale nor are aware how to access them. From the market survey and interaction with the boutiques, it has been observed that the demand is high for innovative designs and ‘handicrafts with utility’.

- Most of the MEs are not qualified for book keeping and accounting themselves. They hardly account for all the different cost incurred in productions and logistics. Their accounting is very crude and the margins that they claim can be even less in actual.
- Individual enterprises are facing limited transfer of skills between the generations due lack of interest of second generation in taking up the profession due to inadequate revenues. Artisans are also unwilling to impart skills to people other than family as they are perceived as potential competition.

(b) Logistics problems:

- Currently, the artisans themselves are involved in both production, marketing and distribution of the souvenirs being made by them. This inhibits creation of an environment wherein the artisans focus on their skills and production of good quality products that command premium prices in the market.
This is unlike institutions like Sargaalaya which has created a conducive environment for the artisans by providing them not only assured income but also an excellent marketing platform (refer to Annexure 2)
- This has resulted in the MEs trying to obtain their revenues from various fairs and exhibitions as here only logistics problems can be overcome and availability of a large customer base at the same location.

(c) Demand side issues:

- Not sufficient opportunities for producing due to ever fluctuating seasonal demand. Offseason have much reduced demand and microenterprises are mostly dependent on Kudumbashree organized exhibitions and trade fairs which are free of cost for their major revenues.
- Currently, most of the demand side institutions (including Kerala handicraft institutions like Kairali and Surabhi) procure the products based on credit from the MEs, and make full payments only after the sale of the product (consignment basis). This has led to piling up of inventory at these outlets and crunch of working capital with the artisans as a consequence of which the artisans show minimal enthusiasm to market and sell their goods at these institutions and relying on various fairs and exhibitions as a primary source of their income.
- The MEs are mainly dependent on local shops for selling their products which not only leads to reduced margins but also the products are not allowed to carry any tags of the respective MEs, lest the local shops should start losing their customers to the MEs.
- While the products may be good by domestic standards, few products being sold by the MEs are being regarded to be of high quality and fine workmanship in the finishing stages.

4. Proposed Business Model and Interventions Planned:



Actors	Local suppliers of raw materials.	Kudumbashree handicraft microenterprises	Delivery Boy	Master Artisan	Delivery boy/sales and marketing person	RT backed hotels, boutiques etc.
Remarks	The design consultant would be involved in identifying vendors through backward linkages which would reduce the overall cost of production	The enterprises need to understand the customers their product would be targeting. These are different from local customers who are usually not quality conscious and hence would require better finishing and sophistication		Would be involved in brand packaging of the final product as well as maintain strict standards of the products.		It may be noticed that Kudumbashree had already identified and done business with clients as part of Charurtha initiative in 2012. Leveraging on those contacts can be beneficial.

The key stakeholders involved and their responsibilities are:

1. Kudumbashree Microenterprises

Key responsibilities:

- a) Ensure timely delivery of product
- b) Maintain quality standard
- c) Understand the customer segment the initiative is targeting – To only produce products with precision finishing and including subtle aspects
- d) MIS template maintenance

2. Management Team (comprising two members)

➤ **Master Artisan:**

The artisan can be from the community but with experience in different handicrafts. He/she would be closely working with MEs to communicate the appropriate market expectations from the MEs as well as provide necessary checks to only ensure industry standard products to be delivered to the end customers. Master Artisan would play a critical role in ensuring consistent and quality products being delivered to customers.

Key responsibilities:

- a) Quality checking and ensuring delivery of goods as per industry standards (grading of products can be done for better clarity of requirements)

- b) Brand Packaging of the final product
- c) Work with SME to determine demand meeting capability of Microenterprises and placing orders accordingly
- d) Interface between MEs and SME

➤ **Sales and Marketing Enterprise(SME):**

The person should be of at least three years of experience in sales domain. He should be well trained in:

- Communication Skills- oral and written in Malayalam and Standard 10th level English with good email writing skills
- Conceptual and Persuasive Selling – developing idea or story around a product to help the customer himself relate with the product
- Objection handling – Addressing any grievances from the client and take appropriate measures for remedy.
- Financial and account management
- Merchandising Management
- Delivery

Key responsibilities:

- a) Finding new clients and booking orders for Kudumbashree products
- b) Financial management, Invoicing and MIS maintenance
- c) Collecting feedback post sales
- d) Other pre sales and post sales activities

3. Delivery Boy

- a) Collecting products from MEs and delivering to the warehouse
- b) Keeping delivery receipts etc.

To implement the above value chain, a **4-stage model** to be implemented has been proposed. The target group being considered as part of the business model are the foreign tourists and premium domestic tourists having a penchant for souvenirs and collectibles and other high end customers. The proposed process is shown below:

Stage-I (Compete in Quality-Collaborate in Quantity):

The ME units producing similar products as part of their souvenir portfolio may be provided training as need may be to bring the quality of products being produced to an uniform level and at least on par premium quality standards.

To evaluate the units, it is recommended that the Kudumbashree mission hire a designer consultant with a bachelor's degree in design from premier institutes like Indian Institute of Crafts and Design, Jaipur or similar other institutions. Additionally, the designer consultant must have a minimum 5 years of experience in the relevant field and the knowledge of local language (Malayalam) mandatory. To have ensured uniform evaluation, it is recommended that ME units be evaluated by the designer consultant. The units need to be evaluated based on the following 4 parameters:

- (a) Potential to scale up production

- (b) Skill set of the ME members and ability to ensure product quality
- (c) Infrastructure available
- (d) Necessity of livelihood opportunities

It is proposed that each of the parameters be given equal weightage (i.e. 25% weightage each). Each of the units will be evaluated based on each of these parameters and the units be ranked based on the cumulative scores obtained after evaluation. Initially, it is recommended that no. of units with cumulative score more than 85 or top 10 units whichever is larger be imparted training. These units would require minimal training like updating their knowledge about various tools and equipment and training regarding the type of products to be produced as part of the initiative. During the evaluation period, it is also proposed to develop a minimum of 10 to a maximum of 20 utility based product designs based on the current market trends and customer preferences. The cost of making one piece of each of these new products should also be determined by taking all relevant input costs into account.

By the end of the training program, each of these units should be able to produce at least one product from the list of finalized product designs. Subsequently, the units with lower scores at intervals of 5 (i.e. no. of units in the range 80-84) or 10 ME units whichever is greater be imparted training and so on. The comprehensiveness of each training program may be increased with each passing training program as per the requirements of the units being imparted training. By the end of each training program, each of the units must have reached the par quality level subjected to the judgment of the trainer/designer.

Once the units reach a par quality level, they may be clustered in later stages and the demand for the products may be distributed among them based on their respective unutilized capacities. Each cluster must contain all the units producing a particular product from the finalized list of products irrespective of their geographical location. Clustering would also ensure not missing out of bigger orders due to increased production capacity.

Stage-II (Setting up a robust logistics channel):

Once the souvenirs being produced reach the required quality level it is important to provide them with access to new markets which can provide increased value to the products being produced and further act as motivating factor to scale-up their operations. For this purpose, a strong SME needs to be set up capable to connecting the ME units to the premium markets as envisaged. The role SME unit would be procurement of crafts from MEs and delivering at the demand locations in addition to identification of new markets. Bar-code technology may be used if possible for billing the products. The products produced by each unit will be barcoded before the pick-up by the SME. This technology would help identifying the place of origin of the product and the date at which the product is sold so that the payments to the ME be made accordingly.

Stage-III (Capture the market):

The set of institutions which would be interested in associating with Kudumbashree should be identified. These would mainly be RT backed tourist hotels, lifestyle stores, boutiques etc. Since marketing channel through RT backed tourist hotels will also be mainly seasonal, in later stages offseason demand can be realized by focusing on IT companies and other corporate houses who often require corporate gifting for their clients.

Stage-IV (Expand the pie):

In much later stages following sufficient volume production and scaling up of production is achieved, setting up of shops with prominent online craft portals like Craftsvilla, Ten Thousand Villages etc. can be explored. Each of the online marketplaces has their requirements regarding the minimum number of products that need to be available at any given point in time, the details of which can be easily available on their respective websites. Once it can be ascertained with reasonable confidence that their stringent quality and quantity standards are met, they may be approached by either SME or Kudumbashree Mission on behalf of the SME and seller accounts created. It needs to be noted that failure to service received orders would result in downgrading/suspension/disqualification of the seller. Hence, the SME needs to be reasonably sure of meeting the demand.

Additional Areas requiring attention:

The various other challenges that may require attention while implementing the above model are:

(i) Pricing Method:

Under the existing pricing method, the artisans sell the products to the shops based on the costs incurred and certain markup percentage as per their profit requirement. Instead, a model in which the artisans give priority to produce quality products as per the designs provided and the logistics are entirely handled by the SME. The prices at which the products are to be procured from MEs would be determined by both MEs and SME, post which the SME would earn incremental share of profits based on the profit margin of each product charged to the institutions. This incremental profit needs to be decided by the Kudumbashree Mission after finalizing of the products.

(ii) New product Development:

It has been observed that the artisans are currently producing traditional souvenirs and they face fierce competition from the market due to lack of differentiating factor. Hence, to justify the premium pricing of the products, it is essential to differentiate the products from those currently available in the market. In addition to this, it has been found that the customers are inclined towards purchasing the 'products with utility' which acts as a value add and would differentiate the 'Kudumbashree souvenirs' from the competition.

The designer consultant would be required for identifying new products. The IIM K interns have also found the unavailability of 'Charutha' souvenir products in the present market. Those products can be again made available in the market again.

(iii) Book-keeping and MIS maintenance by MEs:

To get a fair estimate of their operations, the MEs may be encouraged to maintain proper records about their monthly sales and gross and net profit. They should also start maintaining MIS templates (refer to **Annexure 3**) which would help them in better decision making as well record customer feedback. The MECs in the blocks where these enterprises are

located would have to play a greater role in providing handholding support and correctly estimating the cash flows and financials of the MEs in this aspect.

(iv) Branding:

It is necessary to create a separate brand identity of Kudumbashree handicraft, which would be under the umbrella Kudumbashree brand. The brand specifically for handicrafts sector would help in future promotions through social media, blogs, newspapers and fairs.

The positioning of the brand needs to emphasize the role of these product in protecting the rich traditional heritage of Kerala by empowering the women artisans of Kudumbashree. The brand should highlight the authenticity of the crafts of Kerala origin as well as the uniqueness of the products. A *small message* on the package along with the *brand name* can be used for communicating the message.

5. Phasing of Project:

1) Identifying Micro-enterprises: Select the Micro-enterprises following their evaluations on the different parameters. It may be noticed choosing MEs based on the different types of raw material used (say bamboo based or wood based or natural fiber) from different categories would ensure a wide variety of products.

A design consultant would be required for developing new products with these Micro-enterprises as well as training them with new designs and trends. He would also be required to correctly estimate the cost of making the product as well. It should also be noted that pricing exercise should be often reviewed with changing market condition.

Ten MEs can be initially brought into the fold.

2) Setting up a management team: The success of this initiative would lie on a strong SME. The Sales and Marketing Enterprise would consist one sales person who would coordinate and directly interface with the clients and find new markets.

A master artisan would also be required who would work along with design consultant and MEs.

3) Identification of Institutions: The interns have already connected with some institutions involved with the 'Charutha' project and have received mixed feedback. However they all agreed to show interest in Kudumbashree products provided they can bring something new and different from the ubiquitous products already available in the market. Capitalizing on these contacts can be beneficial.

4) Determining the price of the product: The sales team leader would be required to appropriately decide the final price of the product. He should consider the price of similar products in the market but also accounting for the uniqueness and design of the Kudumbashree product. Also it is very important that final price of Kudumbashree branded products remain same across all the outlet and not sold at cheaper price to ensure its exclusivity.

Annexure 1

Following are the detail reports of the Kudumbashree Micro-enterprises which has been collected by the IIM K interns using in-depth interviews. There are some of the units which have been associated with the Charutha initiative of 2012.

Fathima Dry Flower unit, Wayanad:

Introduction: Established on May 3rd 2005 with initially 10 members. Now it has split into two groups of five each, with one presently not associated with Kudumbashree. Three members are working full time while the remaining two are involved as per need. Their products are mainly sold to resorts and local hotels and face seasonal demands. They see increased sales during marriage seasons of December and January but faces difficulties during raining season. Working time is usually from 10am to 4pm. Customers varies from local to outside (including nearby states), but mainly from outside through exhibitions. There visiting cards are exchanged with customers who often enter into business relations with them in the future. They participate in other trade fairs as well.

Skills and Training: They initially received training while being part of the initially united Fathima unit from core member Susan (now a part of the other group). Since then there has not been much training of these unit from any other source.

Deciding on new patterns and types of product are mainly self-innovated. They also visit different exhibitions and try to learn from other stalls.

Costing and pricing: Raw materials are collected from local vendors on demand basis but never on credit. If required the take loans from NHG, which they repay as soon as possible. From customer they sometime sell on credit, but the max credit cycle is one month. They do not have any grading of products but defective pieces are sold at a reduced price.

If costing of one small flower piece is Rs6 then selling price is around Rs10, but whole sale price is reduced to around Rs8. They can produce 50 such small pieces per day per person. Claims local shops sell at least 100% margin of their procurement price to the final customers.

Marketing activities: They have a business understanding with a nearby bamboo cluster unit (a popular unit) run by some NGO. The cluster is frequented by different customers, who are often informed about the dry flower unit.

They display their products in different floral shops as well some shops which is claimed to be backed by Kudumbashree (author is not clear on this part). Kudumbashree people also comes to collect from them to take them to distant locations.

Challenges:

- Local shops do not allow tags of the unit to be put on the product as displaying the source can lead to customers shifting to the original producer. Hence lack of any dedicated Kudumbashree shops is leading to reduced margins of the Kudumbashree units.
- While there may be technology fund available they do not have much idea of the latest tools that can be used for scaling up the production. The interns where shown a video

of a tool which can easily cut flower pieces, but the unit is neither aware of the price nor whom to approach to find the tool.

- Book keeping and accounting was well maintained till 2013, but post 2013 records are not well maintained. Claims monitoring activity of MECs has reduced significantly presently. They themselves do not maintain a detailed accounting anymore.
- They participate in exhibitions which are free but also want to participate in other exhibitions which requires rent for setting up stalls (claims to range around Rs50000 per stall) with some financial support from Kudumbashree.
- Solar wood material is a costly in Kerala but claims it is cheap in North West India. With Kudumbashree branches opening in other such states there may be an opportunity in future to source such types of raw materials across regions.

Charutha: Not aware of Charutha initiative but suggested some role of SME previously taking their products to distant hotels.

Pioneer Paper Bags, Trivandrum:

Introduction: Located in Kovallam craft village, which is run by the state government, the unit was established around 2004. Initially the unit had 13 members, but now has reduced to 5 members. Their products are mainly used for marriage purpose, gift cards, laundry bags, carry bags, bill receipt cover etc. They also deal in jewellery like chains, bracelets and coconut products but on a much smaller scale (These are mainly sold in fairs). They see sales slowly picking up from around September which the start of festival season extending till the end of tourist seasons. Working time is usually from 10am to 8pm.

Skills and Training: At the beginning they received training from some NGO, post which they were trained once from Kudumbashree's empanelled skill agency (local agents identified every year) on printing on bags.

Costing and pricing: Paper materials are usually collected from nearby houses and for bulk order they go to scrap shops. They do not buy any raw material on credit and production is on demand basis.

If production cost of a paper bag (wedding card carry bag) is around Rs7 they would charge MRP Rs10.

They on average receive orders for around 500 newspaper bags per month.

They do not incur any rental charge in the village which is funded by Kudumbashree.

Marketing activities:

Kudumbashree conducts fairs and festivals where customers look at their product and later may also come to them for placing bulk orders. Other products like chains and bracelets are sold in fairs mainly. Inside Kerala they sell themselves sell their products but in other states the MECs take the products, who in turn return them the revenue post sale and any other unsold product.

They also receive some sales from foreigners who at times may come to the craft village. They do not engage in home to home delivery and rely only on customers coming directly to them.

Their products have also been sent to other countries through some NGO.

Challenges:

- The Kovallam craft village is not functioning with only 3 other units active. With the village practically deserted, it does not receive any footfall. They also have a location disadvantage having the unit outside the line of sight from the entrance and hence failing to attract any visitors.
- Profit margin is extremely low. Their tactics to attract customers is by charging 1/2 Re less than the price of the same product in the market. Though they feel that demand for paper bags will boom as plastics have been banned, yet have not yet found any such benefit.
- Facing tough competition from local competitors who have set up shops much later but in better locations leading to eating away a bulk of their customers. They want Kudumbashree to help them locate a better location in the nearby region which they would buy themselves and start operations anew.
- They manage their own accounts presently but do not know how to account for every cost they incur. Their accounting is very crude and the margins that they claim can be even less in actual.

Charutha: Not a part of Charutha initiative.

P & P handicraft, Ernakulam:

Introduction: Established around 2003, it is an individual enterprise which is run by husband-wife duo. Seemed a well-established unit with the wife being a former CDS president. They have a wide range of products starting from elephants to peacock statues and other mementoes. They do not have any seasonal demand constraints. Locally they sell to two wholesalers and rest in exhibitions. They do not have any fixed working time. They have a well-functioning business.

Skills and Training: It is more like a family tradition business. New design are from their own imagination. They are unwilling to train any other person as well.

Costing and pricing:

If an elephant cost Rs400 then their whole sale price is Rs950.

They receive orders around two/three every month from wholesalers with a cumulative volume of around 150 different products per order.

Their monthly turnover is around Rs70000 of which profit is Rs30000.

Marketing activities:

Participates in different trade fairs. Had already participated in three exhibitions in Bombay, Chennai, and Delhi by the time the interview took place. They receive major customer contacts from there only.

Challenges:

- Being an individual enterprise is preventing her from applying for technology, revolving and Innovation fund. Claims that she can easily form a group enterprise with her contacts but is unwilling to do as the remaining won't be able to contribute much.
- (While the interns do not have sufficient data, but talking to different stakeholders gives some importance to pursue a study on the number of joint enterprises which have been successful compared to individual ones in the past years. Presently individual enterprises are not eligible for different loans by Kudumbashree.)
- Neither son nor daughter is much interested in this profession.

Charutha: Acknowledged the Charutha initiative and also the popularity of the Charutha products, elephant card holder, elephant fridge Magnet and curtain holder. They were in good demand. Also expressed some mistrust with the SME involved.

Shyja Hasthakala, Ernakulam:

Introduction: Established around 2007 it has more than 10 members. However Shyja herself has been in association with Kudumbashree since 1996. The unit deals in coconut products and stitching. It also sells herbal products, food products and spices after procuring directly from farmers. They do not have much local customers and their products are mainly sold from outside exhibitions. There is no fixed working time. Shyja has TIN number and she files income taxes. It is a well-functioning unit.

Skills and Training: Shyja herself is an affiliated trainer with Gulati and claim to have completed different training certifications in various arts and crafts. She has diverse knowledge in different handicrafts. All the designing is from her own imagination.

Costing and pricing: Raw materials are sourced locally. Waste products are also used, making the cost of production very cheap.

Per exhibitions the unit generates revenue around RS3 lakh average and from bigger exhibitions around Rs5 lakh.

Each member has different work and receive payment on piece rate.

Marketing activities: She has her own local outlet from where she sells all her products. Besides she travels across India to participate in different fairs even if paying all the transportation cost herself if required.

Challenges: No challenges being faced presently. She is not much reliant on MECs either as she receives help from her two daughters in accounting and financial record keeping.

However she is very eager to learn about jute products. She wants some proper source of jute training from Kudumbashree and is willing to even pay for it if required.

Charutha: Acknowledged the Charutha initiative with products like glass painting, mural painting and coconut shells being sourced from her. However raised concerns regarding payment procedure. For the first order she received only some advance payment but later she did not receive full payment. She had no knowledge of how many of her products were actually getting sold.

Nirmalya Gold, Kozhikode:

Introduction: Established in 2008 with 5 members presently, the unit deals in imitation gold jewellery. Two member operates from the local outlet while the remaining are involved in door to door activities. Customer is mainly centred locally in Khozhikode. It sees peak demand from January to April. It is a well-functioning unit.

Skills and Training: Initial training received by one member from Thrissur which was funded by Kudumbashree. All the jewellery designs are from her own creation.

Costing and pricing: Chemical raw material is sourced from Thrissur while gold from chemical.

Product price ranges from Rs30 to Rs2500.

Average monthly revenue around Rs200000 and cost of production Rs1600000 hence generating profit around Rs40000.

The payment for the three salesperson is commission based around 20%. Each is able to generate around Rs6000 per month on average as commission after sales.

Marketing activities: Market is completely local in rural Kozhikode with sales from either their outlet or door to door sales.

Challenges: Even though there are 18 local competitors, the unit is leveraging on Kudumbashree brand. People identify Kudumbashree with quality product and hence prefer their products. They have no major challenges as such and they themselves are able to properly maintain accounts of their business.

Charutha: Not aware of Charutha.

Annexure 2

Following is the excerpt of the in-depth interview with the general manager of Sargaalaya, Iringal craft village, highlighting its functioning and the management procedure which has led to the craft village being a very successful initiative. The conducive environment created for the artisans through transparency, trust, constant work, assured sales and necessary protection along with a strong design team which provides constant checks and continuous training for craftsmen, has helped Sargaalaya achieve the successful position where it stands today.

Sargaalaya belongs to Kerala Tourism and managed by ULCC – one of the best managed Cooperative societies in Kerala. Presently it has 61 units with artisans mainly from Kerala but also from other states like West Bengal, UP and others. Sargaalaya provides branding under one umbrella and it provides a strong marketing support to the artisans. Marketing is presently through two arms- the people visiting the village itself and the International craft fair conducted every year. The artisans also participate in craft fairs in other states as well.

Sargaalaya provides assured income to artisans through either sales or fixed salary. There are two types of artisans – individual entrepreneurs and permanent employees. The permanent artisans receive fixed salary and enjoy all benefits on par with industry standards. The individual entrepreneurs need to pay a nominal licence/agreement fee at the start, post which only a small margin is charged every time a product sale happens. This is for the marketing activity of their products undertaken by Sargaalaya. In return they receive all types of support as enjoyed by any permanent artisan. So overall the artisans are getting income either by fixed income or by sales.

Sargaalaya markets itself as a place where the tourist can in person witness and learn a few tricks about the nuances of crafts-making and skills of the traditional artisans of Kerala. This require a constant craft production from the artisans in the village. While the general working time is from 10 am to 6 pm, the artisans are given a set target of the volume of products to produce. If the crafts remain unsold from the village, these are totally procured by the village, provided they are marketable. This gives the artisans not only regular work but also assured sell. The onus of selling the products finally lies on the craft village itself, which does so from different fairs. Activities like logistics, couriering, packaging etc. are taken care by Sargaalaya completely. Artisans only need to produce quality products following a set target.

There is no compromise on quality –neither in the type of raw materials used, which are completely eco-friendly, nor in terms of consistency and finishing. They have a very strong and dedicated team for design and quality for guiding artisans to produce products of exquisite designs of world standards. When any product is below standard, it is outright rejected and the responsible artisans are held accountable. The design and quality team makes constant and continuous effort to make the products competitive as well as innovating new designs in the traditional system. Quality in their product is one of their core competencies. Even at the time of selecting the artisans, there are different quality checking criteria as they encourage only real artisans who make purely handicraft items. State awardees and national awardees are given priority. They discourage machine made products.

The total costing is done by Sargaalaya. After the production cost and the cost component of labour is included, a margin for marketing is included which is borne by both Sargaalaya and the entrepreneur. A core competency of Sargaalaya is the trust between the village and the artisans. The final price of any product, which is consistent across any market, is set by the craft village. These products are also sold by the artisans themselves from the village itself, hence giving them the knowledge about the exact margin profits gained by the craft village from the sales of their products. This is unlike any supply chain where the producer has limited knowledge about the final price at which his product is sold to the customer by the retailer. There is complete transparency with clear understanding between the village and the artisans.

Having proper backward linkages with excellent sources of raw materials, has helped the craft village in the overall cost reduction in production. Having no middleman helps them in producing crafts at a low cost and hence charge reasonable price. Sargaalaya boast of a total sales volume of Rs 5crore last year where 80% of the craft sold were from the village itself. They are also developing a full-fledged R&D department which would be involved in developing new products and designs based on the preferences of different customers. They are also planning for preparing an online portal and enter into Ecommerce sector. To address the present challenge of the limited volume of products being produced, they have already started creation and training of Joint Liability Groups of local women who can work from home and help in increasing the volume of products. Sargaalaya is receiving orders from several customers which includes the likes of Flipkart, but it is intentionally delaying any commitment as presently they are facing more demand than supply.

Annexure – 3 (source LEDS 1st Quarter report Chapter 6)

MIS Template 1:

തീയതി	പർച്ചേസ് ഓർഡർ	ക്രമ നമ്പർ	ഉല്പന്നം	ഡെലിവറിയുടെ തീയതി	ഓർഡർ അളവ്	ഉല്പാദന അളവ്	ഉല്പാദനം		വിറ്റഴിച്ച അളവ്	ബാക്കി അളവ്		സാമ്പിൾ		റിമാർക്സ്
							തുടങ്ങിയ തീയതി	അവസാനിച്ച തീയതി		രണ്ടാം തരം	ഉപേക്ഷിക്കേണ്ടവ	യൂണിറ്റിൽ	കസ്റ്റമർക്ക്	

MIS Template 2:

യൂണിറ്റ്				
തീയതി				
മുൻഗണന ക്രമം	ഒന്ന്	രണ്ട്	മൂന്ന്	നാല്
വിശദാംശങ്ങൾ	പർച്ചേസ് ഓർഡർ/ ഉല്പന്നം/ അളവ്	പർച്ചേസ് ഓർഡർ/ ഉല്പന്നം/ അളവ്	പർച്ചേസ് ഓർഡർ/ ഉല്പന്നം/ അളവ്	പർച്ചേസ് ഓർഡർ/ ഉല്പന്നം/ അളവ്
ഉല്പാദന കാലയളവ്	തുടക്കം - അവസാനം	തുടക്കം - അവസാനം	തുടക്കം - അവസാനം	തുടക്കം - അവസാനം
ബാച്ച് A				
ബാച്ച് B				
ബാച്ച് c				

ബാച്ച് D				
ബാച്ച് E				
ബാച്ച് F				

MIS Template 3:

കസ്റ്റമർ	പർച്ചേസ് ഓർഡർ	ഉല്പന്നം	ഓർഡർ അളവ്	പ്രക്രിയ ഒന്ന്			പ്രക്രിയ രണ്ട്			പ്രക്രിയ മൂന്ന്			ആകെ ഗുണനിലവാരം പരിശോധിക്കപ്പെട്ടത്)	ആകെ (പായക്ക് ചെയ്യപ്പെട്ടത്)
				ഇൻ്റർനെറ്റ്	ആകെ	ബാക്കി	ഇൻ്റർനെറ്റ്	ആകെ	ബാക്കി	ഇൻ്റർനെറ്റ്	ആകെ	ബാക്കി		

MIS Template 4:

യൂണിറ്റിന്റെ പേര്:	തീയതി:
പർച്ചേസ് ഓർഡർ:	ബാച്ച്:
ഉല്പന്നം:	
ആകെ അംഗങ്ങൾ	
സന്നിഹിതരായ അംഗങ്ങൾ	
ഉല്പാദന ലക്ഷ്യം	
ഇന്നത്തെ ഉല്പാദനം	
വ്യത്യാസം	
ഓപ്പണിംഗ് സ്റ്റോക്ക്: അസംസ്കൃത വസ്തു	

ഇന്ന് ഉല്പാദനത്തിനായി എടുത്തത്	
ആകെ	
വർക്ക് ഇൻ പ്രോഗ്രസ്സ് (പൂർണ്ണമാകാത്ത സ്റ്റോക്ക്)	
ഉല്പാദന ഇൻ ചാർജ്ജ്	ടീം ലീഡർ

MIS Template 5:

തീയതി	പർച്ചേസ് ഓർഡർ	കസ്റ്റമർ	സ്റ്റോക്ക് അളവ്	ബോക്സ് നമ്പറുകൾ	ഇൻവോയിസ് നമ്പർ	ലോറി രസീത്	റിമാർക്സ്

MIS Template 6:

Nnehv	തുക
അംഗങ്ങളുടെ എണ്ണം	
ശമ്പളം, കൂലി	
ഇ.എസ്.ഐ	
പി.എഫ്	
ബോണസ്	
ആകെ	

വാടക	
വൈദ്യുതി	
സെക്യൂരിറ്റി	
മൈൻടെനൻസ്	
ട്രെയിനിംഗ്	

വെള്ളം	
സ്റ്റേഷനറി	
റിപ്പയർ	
ഗതാഗത ചിലവുകൾ	
ഇൻഷുറൻസ്	
യാത്ര ചിലവുകൾ	
മറ്റ് ചിലവുകൾ	
ആകെ	

MIS Template 7:

	തുക
അംഗങ്ങളുടെ എണ്ണം	
ശമ്പളം, കൂലി	
ഇ.എസ്.ഐ	
പി.എഫ്	
ബോണസ്	
ആകെ	
വാടക	
വൈദ്യുതി	
സെക്യൂരിറ്റി	
മൈന്ടെനൻസ്	
ട്രെയിനിംഗ്	
വെള്ളം	
സ്റ്റേഷനറി	
റിപ്പയർ	
ഗതാഗത ചിലവുകൾ	
ഇൻഷുറൻസ്	
യാത്ര ചിലവുകൾ	
മറ്റ് ചിലവുകൾ	
ആകെ	

MIS Template 8: ഗുണനിലവാര പരിശോധനാ റിപ്പോർട്ട്

ഗുണനിലവാര പരിശോധനാ റിപ്പോർട്ട്	
യൂണിറ്റ്	
ഉല്പന്നം	

കസ്റ്റമർ
പീസ് #

ഉല്പന്ന ഭാഗങ്ങളുടെ പരിശോധന

ക്ര.നം	ഉല്പന്ന ഭാഗം	പരിശോധന	റിമാർക്സ്
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

ഡിഫക്ടീവ് ഭാഗങ്ങളുടെ പരിശോധന

ക്ര.നം	പീസ് നം	ഉല്പന്ന ഭാഗം	ഡിഫക്റ്റുകളുടെ സ്വഭാവം	റിസൾട്ട്: പാസ്/ഫെയിൽ	എടുത്ത നടപടി
1					
2					
3					
4					
5					
6					
7					
8					

MIS Template 9: പ്രതിമാസ സെയിൽസ് റിപ്പോർട്ട്

പ്രതിമാസ സെയിൽസ് റിപ്പോർട്ട്

മാസം:

വിൽപ്പന (എണ്ണം, മൂല്യം)									
തീയതി	കസ്റ്റമർ	ഉല്പന്നം 1	ഉല്പന്നം 2	ഉല്പന്നം 3	ഉല്പന്നം 4	ഉല്പന്നം 5	വിൽപ്പന തുക	പിരിഞ്ഞുകിട്ടിയ തുക	ബാക്കി കടം
ആകെ									

MIS Template 10: പ്രതിമാസ ഉല്പന്ന വിപണി വളർച്ചാ റിപ്പോർട്ട്

വിൽപ്പന (എണ്ണം, മൂല്യം)				
കസ്റ്റമർ	ഉല്പന്നം 1	ഉല്പന്നം 2	ഉല്പന്നം 3	ഉല്പന്നം 4

	മാസ വില്പന	വില്പന Vs ലക്ഷ്യം (%)	വില്പന Vs കഴിഞ്ഞ മാസം (%)									
കസ്റ്റമർ 1												
കസ്റ്റമർ 2												
കസ്റ്റമർ 3												
കസ്റ്റമർ 4												
കസ്റ്റമർ 5												
ആകെ												

Annexure 4

A dedicated branded designer shop can be opened by SME on his discretion after sufficient production is achieved. The following template gives an estimation of the future revenue that can be achieved from a designer shop. The template also gives an estimation of the revenue that the SME can achieve from selling products to boutique shops.



Estimation.xlsx