

Cluster Development Proposal for Thanagazi, Alwar

By Jaipur Rugs Foundation

About Us

Jaipur Rugs Foundation (JRF) is an initiative of Jaipur Rugs Company (JRC), Jaipur. It was established as a non-profit organization registered under Public Trust Act 1959, Rajasthan, in 2004. Our aim is to empower the poor, underprivileged families and communities by making them self-reliant and enhancing their self confidence through economic activities related to carpet weaving. Our vision is to create a society where equality, justice and peace prevail by providing equal opportunities in economic and social development to poor and disadvantaged segments of society. The mission is development of grassroots people predominantly in rural areas as micro-entrepreneurs by creating sustainable business hubs. Presently, JRF is working in Rajasthan, Gujarat, U.P., Bihar, Nagaland, Jharkhand & Orissa in carpet weaving clusters with about 20000 artisans in 4500 families out of which 3000 families are BPL/ST/SC/Tribal.

Our Achievements

- More than 80% of our artisans are earning more than 70 rupees per day.
- Providing continuous wage-employment in the most challenging areas of Desert Rajasthan, Naxalite infested Jharkhand, Far-East of India (Nagaland), Tribal Areas of Gujarat, and Poorest areas of Bihar and Orissa.
- Successful micro-enterprise models demonstrated in different conditions.
- Created about 70 Business Development Service Providers other than over 500 master trainers in Carpet skill training.
- Working with Ministry of Panchayati Raj, Government of India, National Research Development Corporation, CII, Government of Rajasthan, Gujarat Handicraft Department, Orissa Handicraft Department and Tribal Ministry, Gujarat etc.
- Collaborating with Suzlon Ltd. (MNC) in Jaisalmer, VSSU (Micro Finance Institution/MFI) in West Bengal, Centre Direct (NGO) in Bihar, Gramutthan (MFI) in Orissa, PIDT (NGO) in Bihar, Enterprise Associates (NGO) in Nagaland and Seva Mandir (NGO) in Udaipur.

Our Strengths

- **Strong base**
Our organization has long experience in carpet sector and is operating in 8 states of India with world-class infrastructure.
- **Stability through Buy Back**
We ensure 100% Buy-back of semi-finished produce which relieves the artisan from the worry of marketing the products and enables him/her to concentrate on production
- **Credibility**
Our parent company Jaipur Rugs Company Pvt. Ltd. Has 3A rating from Dun & Bradstreet, which provides high credibility
- **Quality**
Raw material is provided only after getting it approved from the professional test labs which results in better output
- **Fair Wages**
Fair wages are ensured to artisans from day one as per the skill level and output of the produce

Introduction Thanagazi

Thanagazi is situated 125 KM far from Jaipur city nearby Delhi Jaipur highway. The status of infrastructure is good: roads, telephone and electricity are there. The percentage of rain during the rainy season is also good. The Cluster is almost 30-35 years old and artisans' earnings were good at the time of the boom in the carpet industry. Afterwards these industries went down due to quality loss, timely production and high overheads; it was always tough to work continuously as a carpet artisan. Now most of the artisans have 10-12 days of work in a month.

Present Scenario

According to our surveyed information there are Approx 5000 artisans and 1500 looms (including floor covering companies, middlemen and artisans looms) in Thanakhazi and the nearby villages under the radius of 2 to 25 Km like Suratgarh, Hameer, Harner, Hameerpur, Kaler, Kola ka bas, Mejud, Kishori, Narayanpur, Piplai, jaypura, Mundawara. Mundana, Roop narayan pur, Dehra, Dera, Gurha, Malootana, Pratapgarh, Garh Basai, Angari, Agar, Ajabpur, Bhangdoli, Chandpura, Jaitpur, Narhat, Aamka, Madhogarh, Gudha, etc.

Artisans are engaged by middle men, who install looms in artisans houses for job work. These middlemen have links with many private companies, who give them orders for carpet production, which in turn are given to artisans for carpet weaving. When finished product does not meet the quality standards, the deductions levied by private Companies is directly imposed to weavers assuming they didn't work properly, whereas these middlemen do not take quality control measures, which leads to inadequate incomes to artisans. Their monthly incomes are not more than Rs750/month, which is actually Rs20-25/day. Moreover artisans do not have regular work for more than 10-12 days in a month. These artisans are exploited because they don't own the looms

The artisans are skilled/ semi-skilled and are able to make hand-knotted carpets in silk, wool and silk-wool with cotton mix in different sizes, shapes and with different yarns. The estimated production capacity of the cluster is **1.5 lacs sq ft** a year.

Due to lack of continued work and proper handholding support at the time of weaving the artisans' production time and productivity is not up to the mark. They are job workers and not working under an umbrella of a cluster resulting in internal competition and lack of negotiation power of an individual artisan with middlemen and other companies.

Due to lack of work 30% of artisans migrate from the village to Jaipur and other big cities like Calcutta, Bangalore and some of them are doing wage work in Jaipur, Alwar and nearby towns & 15% are engaged in other work due to lack of continuous employment in the floor covering.

Social Status of the artisans

Most of the artisans involved in this work are from ST/SC/OBC communities, whereby the percentage of SC is more than 50. Most of them live below poverty line. The education percentage in the cluster is 48%; if we look at just the new generation it is 70%, which is quite good. As per survey information 70 % of artisans who left the work also want to restart, but in a good environment.

Objectives of the project

- Increase earnings of artisans up to Rs.60-70 per day
- Creation of skillful artisans compatible to customer requirement
- Mass production of floor furnishing in the area
- Creation of Market linkage System for assets/ Income generation
- Organization of the cluster in an umbrella
- Creation of sustainable brand-image

Duration of the project

The project will cover the period of duration of 3 years from the date of initiation.

SWOT Analysis

The critical analysis about strengths and weaknesses, opportunities available and possible threats provide an in-depth understanding of the cluster.

The SWOT analysis on different points given below

SN		Current Status		Future	
		Strengths	Weaknesses	Opportunities	Threats
1	Human Resources	Large no. of artisans are engaged in the activity	Artisans are not united	Easy to negotiate when humans are united under an umbrella	Managing such a big resource is tough
2	Skills	Familiar with traditional skills of carpet weaving	Not aware about market requirements on quality parameters	Skill up-gradation can be done with existing artisans and skills can be created in potential artisans	Some artisans may leave because they are not ready to accept changes
3	Market	Huge demand in Western countries	No organize market	Jaipur Rugs company has promised to provide market linkages	Maintaining the quality with in the given time
4	Tools/ Technology/ Loom	Traditional tools, looms and technology available	Not familiar with new technologies, most of the artisans don't have their own looms	Innovative or new looms and tools can be provided which are easy to work on and helpful to increase productivity	Some artisans may not accept it
5	Level of association	Most of the artisans are from	They are needy hence the	They can be grouped for joint production	Some artisans may be reluctant to adopt

		the same caste and status	relationship status may be down		group activities
6	Infrastructure	Nearby Jaipur-Delhi Highway and near to Jaipur; electrification, telephone facility available	Supply of electricity is not prominent, transportation is a bit costly	Joint scale production may reduce the cost of transportation, Electric supply can be improved	If artisans do not own the infrastructure then it will be of no use
7	Brand Image	Products are made by the poorest among the poor (ST/SC/ BPL)	Working for different Thekadaars, hence no brand image	It can be done in a big way	Quality management and control problems may arise
8	Innovations	Change the product according to market requirements	No understanding of vision, dream	Innovation in new design is just an idea away	Traditional artisan may not agree with the changes
9	Enterprise status	Most of the artisans who are doing job work	Not aware of the market	Supply company/ producers co. can be created because the base is already there	Adopting rapid business changes

Strategy for Development of cluster

Immobilized artisans

Presently all the artisans are doing job work for middlemen or for small traders, but desired collective action has not been possible because of internal strife and competition. Previously one NGO was working in the area but right now no social organization is taking action. Because of unrecognized action, non uniform product quality, costly raw material, inconsistent supply and transportation, the cost of production increases

Solution Sought

There is a need to mobilize artisans as a carpet enterprise group. Each group will collect savings per month and do inter loaning later. The group will meet once a month for progress sharing and future plans. This kind of activity creates togetherness amongst artisans. Later on all groups can be part of an umbrella in a cluster of artisans which can be registered as Producers Company. Every artisan will contribute a fixed amount for cluster membership fees.

Low Productivity and production

Because there are not many artisans in the area it is tough to get Mass production and if we capture the bigger area then transportation to the area is very costly. There is a lack of skills and primary grassroots management production and productivity are not up to the mark.

Solution Sought

There is need to upgrade the existing artisans of the selected area and to create new skillful artisans with the help of qualitative skill training by Jaipur Rugs Foundation. Trainings will help to improve production and productivity and will result in an increase in earnings based on quality.

Quality Control

Artisans are not aware about the quality desired in the market; there is no proper system of quality checking and quality control. Artisans are also not oriented on self checking and advantages of quality management and losses of quality ignorance. The Middlemen are not liable for monitoring; they just collect the product and deliver it to the next chain. If there are any deductions due to the lack of quality the amount will be deducted from the artisan's wage.

Solution Sought

To eradicate the concept of 'Thekedaar' we are suggesting cluster activity where every artisan is the owner of the Cluster work. Second, a team of supervisors will be created through enterprise management training. This team will assure the quality control and supervision in a systematic way.

Infrastructure

There is no common place for trainings, supervision, management, storage, collection and distribution in the area. Hence not all the material can be stored and checked at the place itself. In this case products reach the companies without quality check and if there is any lacunae found, transportation charges also have to be born by the artisans.

Solution Sought

One production collection & distribution center, block (cluster office), training center, library and primary quality checking office can be established in the cluster area, from where different kinds of services can be delivered in required capsules.

Main Intervention

Carpet Cluster Development of 1250 Artisans (25 Villages) for first three years in Second Phase we will cover all 5000 artisans within 5 years

Activities: -

Need realization and enterprise motivation

To understand the present status in detail, a skill-based survey will be done by a team within one and a half month in the selected villages. The initial rapport building will be done with the villagers in a village meeting, then through analysis of data. Identification & selection of artisans for the skill training and skill up-gradation training according to their needs will be done. Selected artisans and potential artisans will be grouped in a carpet enterprise group; all SHG activities will be done with these groups, like a training of technical components of SHG, enterprise motivation training base on flooring industry, etc.

Milestone: - Creation of Enterprise Group, ready for training

Capacity Building of Artisans

Selected artisans will go through a 3 months skill training of 800 artisans which will be 2.5 months in-house training and 15 days on job training. The artisan will be certified by JRC on basis of the parameters required in the market; certified artisans will be involved in the production.

The same process will be adopted for skill up-gradation of 450 artisans: it will be a 25 days in-house training and 5 days on-job training. JRC will issue upgrade certificates for artisans after completion of the training.

Including this artisan will meet once in a month and will be trained on production management techniques.

Milestone: - Skillful artisans ready for production

Production Management

Through the market linkage support guarantee of Jaipur Rugs Company, raw material will be provided to artisans for quality production. It will also be surveyed and analyzed how many artisans don't have looms and are presently working for the middlemen. Looms will then be provided to cluster registered artisans.

Milestone: - Mass production cluster

Selection & Capacity Building of Supervisors from the area

To ensure proper monitoring of the cluster for long term selection of supervisors from the same area is a must; training and capacity building for the supervisors is a must. They must be aware about the cluster objectives, activities, process and final outcome of the project. They must also understand their roles and responsibilities. For this each team member will go through primary orientation of work and detailed training for 5 days as per expected roles regarding monitoring and reporting. They will be undertaking design development training as well as production management training which will equip them to understand the cluster activities clearly.

Milestone: - Creation of Sustainable production management team.

Marketing linkage

Jaipur Rugs Foundation will ensure that the artisans of the cluster will get exposure to various dynamics of carpet market through annual market exposure visits organized in collaboration of various carpet marketing companies. They will also attend the Buyer-seller meets organized by the JRF at regular intervals. Reverse delegation will be encouraged with the visits of individual and Institutional buyers to the Production centers, where they will be selecting samples and placing orders. The Buyers will share their specific needs, preferred parameters and the changes to be made in the carpet designs.

Selected artisans representing different villages will be participating in various exhibitions organized in India and abroad, which will help them in clinching orders

from different Carpet Industries and marketing associations. The final objective of the JRF is to evolve into a viable e-commerce platform for promotion and marketing of cluster. In first stage, the cluster will create its own website, which will help in launching of the promotional activities globally. Apart from this, JRF and the Cluster will collaborate to launch different promotional activities in major cities of India and abroad.

Milestone: - Creation of adequate Market Structure

Ownership Creation and mass production

Once the earnings will start through continued work then the artisans will start to understand the idea of supply cluster and producer's company structure creation. The base of the company will be an enterprise group governed by elected members and all members of the cluster will invest a share in the company. Capacity Building of the governing body will be JRF's responsibility. Registration of the company will be done during the course. The cluster will be managed by JRF initially, but the management will be transferred slowly to professionals appointed by artisans.

Milestone: - Creation of Sustainable producers company

Outcome of the interventions

Direct outcomes:

- 1250 skilled and up-graded artisans who can meet the market requirements
- increase in productivity and production up to 150 lacs
- continues employment for artisans
- earning per artisan increased up to Rs. 60-70 Per day
- employment generation for new 1250 artisans

Indirect outcomes:

- empowerment of villagers by giving them the opportunity to act as an entrepreneur and becoming self-reliant
- better self management because of trainings
- increased living standards because of a higher and more stable income
- less internal competition due to cluster and umbrella formation
- contribution to prevent migration to cities
- higher self-confidence of the artisans because of refreshed skill
- buyers of carpets benefit from carpets that were made in a socially responsible way
- reduced overhead costs, because they can be shared by the cluster
- Reduce the value chain due to direct linkage with marketing company
- Increased income will lead to an exposure to education, health and hygiene.
- Increased Self- Reliant leading to more Income generation and credit worthiness..

Ref:- JRF/Thana/ Ind/001

Dated:- 21.09.07

The Secretary
Industry Department,
Rajasthan

Subject: - Submission of Thanagazi Cluster development proposal

Dear Sir,

With reference to the advertisement for carpet cluster development in Thanaaazi, Alwar District, we are herewith submitting a cluster development project proposal with budget.

We hope that it will suit the requirements of the Industry Department regarding the development of carpet weaving cluster.

This is for your perusal sir.

Anticipating your positive response.

Thank you,
Yours faithfully,

For JRF

(Authorized Signatory)

Encl.:

1. Project Proposal
2. Required Budget with Annexure
3. Timeline
4. Map of Thanagazi, Alwar
5. Balance Sheet
6. Registration copy
7. Revised Registration copy