

24- Key Note Paper on District Jhansi

-Surya Prakash Gaur, Faculty, Small Entrepreneur

Current Industry Status

Jhansi is situated between the rivers Pahunj and Betwa which is a symbol of bravery, courage and self-respect. It is said that in ancient times Jhansi was a part of the regions Chedi Rashtra, Jejak Bhukit, Jajhoti and Bundelkhand. Jhansi has 3 major clusters namely Handloom Cluster, Power loom Cluster and Toys Cluster. Soft toy industry at Jhansi is only a decade old cluster. Presently there very few soft toy manufacturing micro units in Jhansi which gives stitching work to 90 to 100 women for tailoring. Raw material is procured from Delhi. Designing and cut material is then given for tailoring. They carry on the filling, cleaning packing and marketing operations. These toys are supplied to all major cities through the marketing chains. There are no other designers or entrepreneurs present in this cluster. Independent artisans also sell their material to this specific manufacturing unit.

Critical Issues faced by MSME in selected ODOP product

Raw Material: There are problems in getting different types of stuffing material- Synthetic toy filling, natural toy fillings, eco-friendly toy stuffing, organic toy stuffing, blending materials (synthetic and natural mixed materials). Global market study on stuffed & Plush toys indicated that Synthetic toy filling to lead the global market in terms of revenue. But consumer reference is shifting towards natural filling and fabric based soft toys. At present micro enterprises purchase material from Delhi, designs toys and in turn supplies them to artisans for tailoring. As they have fund and space limitation, the business cannot be expanded.

Access to Finance: Despite the schemes available in Jhansi District under ODOP, Micro enterprises are compelled to use their own funds and funds borrowed from friends and relatives. The associated artisans have not been successful in obtaining Bank credit. Bankers are not satisfied without adequate securities. Artisans get funds only from the designer entrepreneur who supplies raw material and buys back the finished products. It has been observed that there is very scarcity of good quality proposal. There are very few proposals get sanctioned by the bank. Low sanctioned rate is due to improper project proposal from promoters, inadequate information, insufficient source of revenue etc. So, it has been observed that there is very much essential of technical guidance along with proposal preparation.

Technology: Presently all the operations are handled manually and ladies are able to stitch in their home with the help of tailoring machines. The following machines are required to make the production vibrant and of the scale which is desirable;

- Laser cutting machines
- Compressor
- Carding machines
- Automatic tailoring machines

The above machines can increase productivity of artisans and enable the scale of production.

Market: During 1999-2003 India was importing 1- 2 million toys from China every week. In this process only 200 out of 700 companies survived in the country. This affected Soft

toys industry in Jhansi also. But it has been observed that Chinese toys are of inferior quality and most of them do not conform to the quality norms. Jhansi produces stuffed toys of the highest quality standards at the competitive prices. Now Chinese imports do not hurt the industry any more. Substantial portion of soft toys world over are manufactured with fur. But it has been found that toys made of outer covering with fur have a tendency to capture germs and bacteria. Therefore, preference for soft toys made of fabric is growing. Soft toys manufacturers at Jhansi specialize in soft toy manufacture with fabric material. This indicates the prospects of continued and rapid growth of this industry. Indian exporters of soft toys have to develop strong linkages with Hyper/ Super markets, E-commerce companies, discount stores, hobby and craft stores, toy shop chain. They have to focus on festive toys for special occasions.

Strategic options and Way forward

Soft Interventions

Financial Assistance: Bank/ Financial Institution's support is very much essential to revive this unique cluster. So far bankers have not shown any interest or even awareness of the production and marketing of soft toys. Improvement in loan availability is required through the involvement of financial institution wherever they exist and even to the individual artisans. Establishment of dedicated branch of lead bank for artisans which can understand the problems and assist them in getting funds for purchase of improved technology equipment and also the working capital.

Subsidized Electricity: Artisans are working from home and they do not always take commercial connection because it is expensive. There is a perpetual problem, Since the artisans operate from their home, they have the tendency to use only domestic meters and the electricity company insists on commercial meters and they impose penalty. Government duty may be exempt and amount may be credited in their accounts directly.

Capacity Building and Skill Development: Skill development facilities both for quality development as well as product development need to be strengthened. There is no such facility available in Jhansi, artisans get trained while working and making toys by their own experience.

Standardization & Brand Creation: There is no standardization or any brand for the products manufactured in Jhansi. Products are locally sold in market.

Technical Know-how: It has been observed that there is very scarcity of good quality proposal. There are very few proposals get sanctioned by the bank. Low sanctioned rate is due to improper project proposal from promoters, inadequate information, insufficient source of revenue etc. So, it has been observed that there is very much essential of technical guidance along with proposal preparation. The technical Know-how can also guide on the Modern Plant & Equipment's, Tools, new market opportunities, essential requisites, licenses for export.

Promotion and Awareness: There is no promotion or awareness activity carried out in this sector. For promotion of this cluster (Soft toys) needs encouragement and promotion in domestic & international market. Workshop and seminars should be conducted from time to time to give exposure to artisans regarding market.

Hard Intervention

Raw Material Bank: Most important need is the regular supply of raw materials to the artisans. The artisans in the cluster get the raw material mostly from Delhi. If the production of raw material is done within the city the cost can be reduced and the profit margin could have been increased by 20-25 %. Therefore, raw material bank is much essential for growth prospective of the Cluster.

Setting up of New Product Design, Development & Manufacturing Centre: Innovation and new design development are major concern for the customers as per today's market demand for children in soft toys industry. Manufacturers are facing this problem due to non-awareness of new designing methods and techniques. Accordingly, Design & Development centre would be an effective tool to increase marketability of Jhansi Soft Toys products. Design and development centre will provide following benefits to the artisans;

- Making available latest/ new designs as per international/ national market scenario based upon customer demand.
- Continuous up gradation in design technology by research and development process at development centre to produce fine quality products.

Estimated project cost for setting up this facility would be Rs. 15 crore. Approx. 8000 sq.mt. land is also available for setting up product design, development and manufacturing center.

Common Market Outlet/ Expo Mart including Training Centre: Non- availability of buyer/ market is one of the major concerns for soft toys cluster. Therefore, common market outlet would be opened to grab the opportunities. Common market outlet will have following benefits;

- Direct access to customers without individually having to interact with their clients through distributors/ wholesalers and other intermediaries.
- The margins that they surrender to intermediaries, who are often large, and affecting their own margins would be effectively controlled.
- Identification of common places/exhibitions being market outlets for soft toys products of Jhansi Cluster.
- CFC will have facilities like Designing Centre, cutting machine, stitching machine, pattern making machine, pressing machine etc.

In order to improve the quality & productivity, capacity building and training is required. Common Facility Centre would be equipped with complete set of machineries & equipment related to soft toys manufacturing. These facilities can be utilized by the cluster member on piece rate/ hourly rate payment basis. The estimated project cost for setting up above CFC would be Rs. 10 crores. Land for setting up above CFC is proposed in Jhansi for approx. 12000 sq.mt.