



CEMCA



# PROMOTE BAMBOO MSME CLUSTERS FOR SUSTAINABLE DEVELOPMENT

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## Case-Studies



Foundation for MSME Clusters (FMC)

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## 1. Case-Studies

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### 1.1 MUDRA Bestows Dignity to a Fighting Mother

*“Before the intervention, I already had bamboo pole business but I had to take loans from the private lenders at 4% interest rate per month for capital. Due to high interest rate, I could not save money. I am the only bread earner in the family with 5 children. So, the bamboo pole business was just a hand to mouth work. After the intervention, I got loan of 50000/- from State Bank of India under mudra scheme which helped me to purchase more bamboo poles and saved money for security. I also stopped taking loans from private lenders.”*



Ms Romik Yajak is a resident of a remote village under Tali circle of Kra Daadi District of Arunachal Pradesh. Due to family issues she migrated to Itanagar and became a sole bread earner for her five children with lots of worries. Local administration allotted a piece of land at Palwan to traders for using it as a bamboo depot. Ms Yajak also started off as a bamboo trader. The profit margin by selling one truckload of bamboo is around Rs. 12,000. However, to cover her working capital need and to cover expenses of the education of her children, she often had to borrow money from private lenders at 4% to 5% interest rate per month. Thus, she could manage to sell on an average only one truckload of bamboo in a month. The Project Team facilitated in documenting her business plan and loan application and approached the banks for credit purpose. The Project Team gave Ms. Yajak confidence to speak on her own behalf with the bank officials. Despite the initial inertia, eventually she got a loan of Rs. 50,000 from SBI Itanagar in December 2019. Beginning 2020, she has been able to sell 3 truckloads of bamboo in two months, thus resulting an increase in her monthly profit of Rs. 6,000 or 50% increase in her monthly profit. She has started repaying her loans and is now a confident mother.

## 1.2 Doubling of Income

*“Earlier I used to manufacture only traditional bamboo utility products. The capacity building program organized in the month of Dec’2019 under EU project encouraged me to think bigger and make new range of products which have high value in market and fetches new recognition. Now, my additional income has increased up to 2 times by participation in exhibitions and sells.”*



A resident of Kargi Khurd village of Bilaspur district, Chattisgarh, the only source of income of Mr Rajni came from basket making business. Despite being involved in this activity since years, he was only producing traditional bamboo products which fetched him a mere monthly income of Rs. 3,000. EU team realised that his growth is blocked due to lack of market exposure and knowledge of new products. The Team supported Rajni in preparation of business plan, loan application, enrolment in formal skill training programme and market exposure. These interventions helped him in getting loan worth Rs. 40,000 which eased his capital requirements and ensured procurement of bamboo raw material in sufficient quantity. He started making varied range of high-end value-added lifestyle products such as dustbins, laundry bags, flowerpots, light balls etc. and started dealing with institutional buyers like exhibitions and whole sellers in Raipur and Bilaspur. Within a matter of 10 months, his monthly income increased to Rs. 7,000.

### 1.3 Product Switch Creates an Entrepreneur

*“Thanks to the Switch Asia initiative, I am getting regular orders from institutional buyers and a local facilitating agency. My enhanced skills and production capabilities along with the credit that I got from the Bank has helped me to overcome working capital bottlenecks. Now, me and my family are happily executing the work orders “*



A shift from making traditional to contemporary utilities, topped up with market and credit linkage converted an artisan into an entrepreneur. Sajo Devi is a bamboo artisan at Lakhanpur village in Jama block of Dumka district of Jharkhand. She used to make traditional utility products like supa, dalia and tokris of various sizes, which are sold locally. EU Project identified that with relevant training, her weaving skill can be converted into making of contemporary utility items like pen stand, utility box, designer mat, laundry/storage bin, etc. Interestingly, these items can give up to four times the turnover using same amount of labour and bamboo. Also, while the local market would absorb two days of labour for traditional items, the national links have capacity to absorb production of four days.

	Production/ day/bamboo	Price per piece (Rs)	Raw Material Cost (Rs)	Net Earnings (Rs)/day	Working days/ month	Gross Earning/ Month (Rs. )
<b>Supa</b>	6	50	40	260	8	2080
<b>Pen stand</b>	18	50	120	780	16	12480

However, the challenge was to get regular market and working capital as such products sell through organised national level players with a payment cycle of 4 to 6 weeks, needs costly items like colour and varnishing materials and also with higher level of demand, there will now be proportionate rise in need for working capital. The project supported Sajo Devi by providing her training and also organised working capital to the tune of Rs. 20,000 through a local NBFC. As a result, net earnings of Sajo Devi increased on an average from Rs. 3,600 to Rs. 12,500 per month.

## 1.4 Age is No Bar: An Entrepreneur at Fifty-two

*“Through the support provided by the project team in getting product training and exposure to the markets and bamboo clusters, I have gained confidence in bamboo activities.”*



A skilled woman artisan enhanced her annual income from bamboo through skill upgradation in contemporary products, business linkage and learning through exposure to happening places. This is the story of a 52-year-old Kong (Mrs) Dhupsi Ronsang and her husband from Mawsynram, East Khasi Hills district in Meghalaya. The couple used to earn Rs. 40,000 to Rs. 50,000 annually, mainly from agricultural income. Only Rs. 5,000 used to come from bamboo-based products made by Mrs Dhupsi from bamboo collected by her husband from the nearby forest. However, the challenges of agricultural income, for the couple, emanated from price fluctuations, falling land fertility, decreasing land holding capacity, seasonality and the hard labour required at their age. The artisans did not want financial support, rather they asked for marketing and skill up gradation training programme support. The EU Project extended support in the preparation of business plan for bamboo utility-based craft item, imparted requisite training and provided exposure to contemporary utility products being made by artisans in the nearby state of Tripura. After coming back from Tripura, she completed an order worth Rs. 38,000 along with five other artisans within 45 days. The order was generated by the project team from a buyer in Shillong. The team also keeps on generating small amount of regular orders from the local buyers which are completed by Kong Dhupsi. She has now become confident to run her own “Ryntieh Bamboo Enterprise” to sustain her family’s livelihood.

## 1.5 New Product Line Doubles Income

*“The project helped me to make new things, properly utilize whole bamboo that very much reduced the wastage of the bamboo. This has increased my income from bamboo. The training conducted in our village is very beneficial and productive and the exposure visit enable us to see more scope and opportunities in bamboo activities. I have started giving training to my daughter in bamboo activities so that they can earn livelihood in near future as I donot see scope of jobs after their completion of class XII.”*



A two hundred percent increase in income was made possible by transferring an age-old skill into producing contemporary utility products with the help of productivity enhancing tools and selling the products to an appropriate market. Kong (Mrs.) National Sutnga of Pynasla, East Khasi Hills district, Meghalaya, is a dextrous lady with vast experience in weaving technique. However, her returns were as low as Rs. 11 per hour, total earning was Rs. 1200 per month for the age-old floor and bed mats she was supplying to the local traders, who were selling it at around Rs 550-600 per mat to users in Bangladesh, situated 22 kilometres from Pynursla. The price was stagnant as the users were slowly moving to cheaper plastic mats. The EU Project team found that 78 kilometers away, at the capital city of Shillong; hotels, show rooms and individual buyers use a shed better crafted products as floor mat or ceiling mat and those were sold at around Rs 800-Rs.850 with the same amount of raw materials. The Project team imparted training to her in contemporary basketry item, table mat, bottle holder which use similar technique, introduced small hand drill machine, created prototypes for round bamboo utility products for replication and also gave her exposure to entrepreneurs making similar products in the neighbouring state of Tripura. Armed with these inputs, Mrs Sutnga started making round bamboo craft items and basketry items using traditional knife and hand drill. These pushed her hourly earnings to Rs. 20 – Rs. 25 to start with. This is likely to increase further as she starts making value added table mats in the near future.

## 1.6 Graduation to the next level

*“Before the intervention, I and my husband were working on crafting products like basketry, flower vases, etc. But, we only took small amount of orders, that too from my neighbouring locality only. This was our only source of income but expanding was difficult due to high working capital. After the intervention, the project team created direct market for me, linkages to Government offices and helped me in getting a loan. This helped me to get more orders, increase production and expand enterprise to other parts of Mizoram.”*



Vanlalchhanhimi is a well-known artisan from Edenther, Aizwal. With an experience of more than ten years, both husband and wife are skilled in crafting products like basketry, flower vases, coasters etc. However, her principal buyers – the shopkeepers of Aizwal and Lunglei stagnated. Growth was also constrained due to the high working capital cost, at times being 5 to 6 percent per month when taken from the local money lenders. The EU project team firstly created fresh market linkage through direct customer marketing as well as linking to Government Offices. With a new lease of life to the business, she was linked to the North East Small Finance Bank (NESFB) and got a credit of Rs. 35,000. Consequently, she increased the stock and soon her order in hand shot up to Rs. 50,000 per month. She then started distributing the order to the neighbourhood families. With a steady income, she had no problems in repaying the loan. On March 2020, she lodged another loan application of Rs. 1 Lakh at NESFB. On the basis of her payment history, the bank sanctioned her loan amount. She now plans to utilize the loan to expand her business to various parts of Mizoram as well as to accept larger quantity of orders.

## 1.7 Transition from Unsustainable to Sustainable/Regular Income

*“The support received by project in terms of capacity building, credit linkage, increased the outreach of products in local market along with formalisation of Business helped me to understand the business needs and increased my income. My vision of generating a sustainable livelihood has just begun - I want to inspire young artisans by setting up a Bamboo depot and provide quality bamboo to artisans in my village”*



A resident of Bharua village in the District of Betul in Madhya Pradesh, Kamal, used to earn a meagre Rs 2,500 per month from playing music in a band and another Rs 6,000 per month from traditional bamboo basketry products. However, these were not steady incomes. EU team realised that Kamal has a location advantage, as his house was right on the main highway that has access to lots of passing buyers. Also coming from a traditional bamboo product making family, he had a natural talent of diversifying into new products. Reclining chair was an immediate choice. However, this one product was not enough for optimal footfall. EU team organised one 10-day training on a bouquet of lifestyle products and also supported Kamal in availing a credit of Rs. 50,000 under “Savitri Bai Phule Scheme” of the State Government. Also, the team connected him to the local level market to increase outreach of selling of products to the nearby markets. Kamal diversified and created sufficient stock and his income shot up to Rs. 13,000 per month. The entrepreneur in him explored new opportunities to expand his business in the local and regional markets too. “

## 1.8 SWITCH to Empowerment

*“I was merely a household bamboo artisan making small utility bamboo products and sell these items to an intermediary trader from my residence. I was losing a considerable margin over these products. The pittance I was receiving was no justice to the amount of work I was doing. The support from project in terms of Business planning, SHG Formation and financial and skill training from EU Switch Asia Project Now I along with five other women sell products not only locally but outside our village.”*



Vinita belongs to a marginalised Schedule Caste Community in Bharua Village of Betul district, Madhya Pradesh. Here, opportunities for a woman to prosper are limited. Bharua village is home to more than 70 women artisans, earning not more than Rs. 3,500 per month. The distressed situation of artisans here is further aggravated by seasonality of the business coupled with lack of capital, weak market linkages and absence of quality management systems. EU team took an initiative to empower select women artisans including Vinita through skill training for making high-end value-added lifestyle product and exposure to marketing avenues and institutional buyers. She along with other four women artisans were organised into a Self Help Group (SHG) to avail a credit worth Rs. 2,50,000 to kick start their production activities. Everybody got an equal share of the loan. With the market linkage support of the EU team, Vinita generated a business worth Rs. 37,000 along with a handy stock of more than Rs. 40,000 for upcoming weekly bazars. She expanded her business by dealing directly with big traders and buyers in multiple markets. Within three months, her income jumped to Rs. 9,500. Now Vinita is determined to take her business to an even higher trajectory.

## 1.9 Homemaker to Homepreneur

*“I was involved in bamboo basketry activities for the last 10 years, however my income was not sufficient for the family to lead a good life. When I met the project team of Aide- et- Action they suggested me to upgrade my skill to produce new value-added products. I attended a skill development training organized by the project and after the training, I was helped to get order and get a loan in the nearest bank. Now with the new skill and support from the project I am earning around 10000 per month.”*



Ms Ahalya is a resident of Badabandh Village of Balangir district of Odisha. Her income from bamboo basketry activities used to yield merely Rs. 2400 per month. However, her aspiration to create her own enterprise was strong. As a first step, she got enrolled in a skill training programme organised by the EU Project on selection of appropriate raw material, pre-production processing and new product development. Further, the EU team linked her with the nearest Vana Surakshya Samiti (Forest Preservation Department) to sort her raw material problem and ensure regular supply. She started off with a small self-investment of Rs. 4,000 and managed to get an order worth Rs. 37,000 for making designed pattern winnowing tray. She completed the order in 4 months and made a net income of Rs. 12,000 except her labour cost. In no time her turnover expanded to Rs. 10,000 per month. As a result, her monthly income leapfrogged to Rs. 6,000 within 7 months. She also applied for a business loan worth Rs. 50,000 which would further boost her production capacity and income. Ms Ahalya has now formalised her enterprise, started records & accounts keeping and also started displaying a board of her unit.

## 1.10 Migration is History

*“I was a migrant worker in the neighbouring state working in a Bricklin. While I was in a huge burden to repay the loan I came to know about the project team and shared my problem with them. The project team enrolled me immediately in the skilled development programme and helped me to prepare the loan application to rebuild my business. Now I am happily earning Rs. 8000 per month and expecting to upscale my business even more with the help of the project.”*



Gobardhan, a young artisan from Sikuan village of Odisha transitioned from a migrant labourer to an entrepreneur. Apart from making traditional bamboo products like baskets of different sizes, winnowing tray and other local utility products, Gobardhan used to work as a migrant labour in a brick kiln in the neighbourhood state\_s of Andhra Pradesh and Telengana. His limited income of Rs. 3000 per month from all sources was not enough to support his family. As a result, he was prone to rough ordeals of loan repayment to money lender who often charge an interest rate of 10 per cent per month. EU team enrolled him in skill training programme for getting updated knowledge about sourcing of appropriate raw materials, pre-production and post-production processing standards and creation of contemporary products. EU team also helped him to avail a loan worth Rs. 30,000 at an annual interest rate of 9.45 per cent from Andhra Bank, Badabandh branch. On getting these inputs, within 7 months, Gobardhan registered his entity with Udyog Aadhar and expanded his product line into products like Chhetni, Dala (local products) basket for Tendu leaf godown. His capacity to keep inventory improved and the new products, on an average, gave an improved margin of Rs 40 as compared to Rs 25 previously. Now, Gobardhan earns an income of Rs. 8,000 per month and aspires to expand his business through production of more value-added products by targeting regional and national markets.

## 1.11 Green Journey in Entrepreneurship – Story of a Village Start-up

*“The project helped me providing initial market linkages for bamboo straw. It also helped me to organize my business unit Karushilpo.”*



Gaurango Debnath started his entrepreneurial quest at a tender age of 14, but soon got entangled in standard craft based bamboo products. While his dexterity in the art form led him to become a master artisan at the Kalika Handicrafts Society, his unit Karushilpa simultaneously took a back seat in his daily life. It was at this stage that the EU Project proposed him an entrepreneurial venture that rekindled his childhood dreams and created a start-up in a remote village of Radhanagar, West Tripura district in Tripura. Team EU identified that there was huge scope for promoting multi use bamboo straw to replace the single use plastic straw. The team identified that *muli bamboo* (*Melaconabaccifera*) which was available in plenty in nearby tribal areas had the right diameter to manufacture the straw. The team identified the market and proposed Gaurango to produce bamboo straw and there was no looking back since.

Business plan was prepared and Gaurango applied for loan. Product training was also provided to Gaurango and the workers. Gaurango procured the raw materials from Khumlung which was nearby tribal area. The first order was for 3000 pieces. However as repeat order increased 8 folds, he identified 3 bamboo suppliers from the nearby areas. He invested Rs. 66,000 for procuring bamboo and Rs 4000 for buying tools. From August to December 2019, Gaurango sold around 70,000 straws. His business transactions are occurring through current account in the Bandhan Bank. His monthly production capacity is 20,000-25,000 pieces. During the process, 12 persons got employment. 2 men cut bamboo sizes. Sanding, cleaning, boiling, drying, sorting, packaging is taken care of by 10 women from their home after completing their daily chores. The newly employed women at Gaurango's unit are happy to get the job. It gives them monthly average income Rs. 2000- 2500 which is a support to their family income and a step towards overcoming the poverty.

## 1.12 MUDRA Financing Boosts the Entrepreneur

*"I have received financial linkages under this project which helped me to overcome working capital issue. Now, I can engage more artisans as per orders in hand."*



Facilitation in transitioning from informal source of credit to formal source played a pivotal role in smoothening of working capital financing for a bamboo basketry and utility products-based enterprise. Mr Ganesh Nama is a skilled artisan making bamboo basketry. He established his proprietary unit – Mahamaya Handicrafts in 2017 at Paschim Nachar village in district Sepahijla in Tripura. It employs 25-30 artisans and has a turnover of around Rs 5 lakhs per annum. However, despite having good buyer linkage, his growth was inhibited due to working capital constraint as many a times buyers used to give partial advance and made delayed payments (sometimes by a month). Also, scope for creation of new products got limited. Previously, he was borrowing from local money lenders at 24% rate of interest. The EU team supported him in credit linkages through preparation of business plan and loan application requirements. He got MUDRA loan worth Rs. 1,00,000 at 11.45%. His outgo in the form of interest and contribution reduced. This resolved his working capital bottleneck and helped him in generating business of Rs. 80,000 –Rs. 90,000 in three months and fulfilling the same by investing Rs 44,000 towards purchase of raw materials and wage payments. Around 20 new women received wage income through the new order.