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**Procurement of Handicrafts by UMSAS On The Basis Of Advance Payment
(Post COVID 19 Intervention)
Standard Operating Procedure (SOP)**

Background:

Upendra Maharathi Shilp Anusandhan Sansthan (UMSAS) has been actively facilitating promotion and marketing of the handicraft products of Bihar in addition to skill training, design development, creation of production infrastructure, organizing the artisans into SHGs etc.

During the last one year, it has started direct procurement of handicraft products and selling through its outlets. Two outlets, one at Bihar Museum and the second at Khadi Mall, are running smoothly with average total monthly sales of Rs 10 lacs. The third outlet, Handloom Haat, is going to open at BSFC Building, Frazer Road, Patna soon. It is expected that with these three outlets, the sales of handicraft products will cross Rs 20 lacs per month and annual turnover will reach Rs 2.4 cr. To reach the cumulative sales figure of Rs2.4 cr, the expected cumulative procurement shall be more than Rs 6 cr per year.

Presently, more than 200 artisans are directly supplying their handicraft products at UMSAS Office. The payment to them is done on every fortnightly based on the sales during the period. No artisan gets the price of their products before the actual sales of their products from the outlets. UMSAS does not have any working capital for procurement of the products from the artisans so the procurement volume is also very low. However, many artisans depend on UMSAS as one of their reliable marketing partner and their livelihood depends on sales through UMSAS outlets.

Due to the outbreak of the COVID 19, UMSAS has stopped the procurement and sales of handicraft products. The artisans are also not able to sale their products through other means and there is total disruption of their livelihood. The alternate livelihood option for them is limited in the present context. The situation is expected to continue for another six months to one year.

Proposal:

It is proposed that during this crisis, UMSAS shall start procuring the handicraft products directly from the artisans of Bihar and pay 50% of the procurement value to the artisans directly to their bank accounts. However there shall be a limit to the procurement value and advance payment to the artisans as follows:

1	Maximum value of procurement from one artisan	No Limit
2	Maximum Advance payment against purchase	Rs 10,000 or 50% of the procured value, whichever is less. Priority will be given to under privileged section of society.
3	Who can supply Handicrafts to UMSAS	Artisans having Identity card issued by DC-Handicraft, MoT, New Delhi/ Artisans covered under the baseline survey of UMSAS/ State or National Awardee of Bihar/ State or National Merit Artisans of Bihar

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4	Procurement, Price & Product quality	As decided by the QCPC(Quality control and pricing committee) of UMSAS
5	Place of procurement	Store Room, UMSAS office, Patna
6	Payment to Artisans	Directly to their bank accounts
7	Advance Payment timeline	Within 3 days of the acceptance of the products by UMSAS QCPC team.
8	Payment of balance amount	Within 09 days of sales of their products directly to their bank account.
9	Detail of the QCPC (Quality control and Pricing committee) team members	IEO, UMSAS Design expert, UMSAS Marketing Expert, UMSAS Master trainers of UMSAS training centers for different crafts
10	Procurement process	The artisans have to bring the products to UMSAS office in working days (From Monday to Saturday) along with their price/rate chart. The QCPC team of UMSAS will check those products quality and then after decide its price. After quality approval and pricing, the products will be stocked into our store inventory and a receipt for the same will be provided to the artisans within same day. The copy of the same receipt will be submitted to the accounts department of the Organization for the advance payment. The QCPC committee will ensure that the whole process of procurement and advance payment will complete within 3 days. If the artisans are bringing back the products that are earlier procured by the organization and price is decided by the QCPC team then the products will be procured on earlier decided rate and only quality of that products will be verified and ensured by the QCPC team. This will help to save time and fasten the procurement process.
11	Provision for unsold products	In case the products are not sold within six months of submission to UMSAS, the artisans can take back the same and can supply new products of same value.
12	Reaching out to potential artisans	There will be advt./notification in the local newspapers and on various social media handles regarding the procurement of handicraft products. SMS (in Hindi /local language) regarding this information will be sent to the artisans mobile number available in the UMSAS database. The field team of UMSAS and PMA of Khadi and Village Industries will help to create awareness in the clusters through the SHGs/Pos and ensure maximum participation.
13	Registration of the interested artisans	The field team of UMSAS and PMA of Khadi and Village Industries will help in the registration process. The interested artisans have to get register themselves in UMSAS by filling a form along with the required credentials: 1. A copy of Aadhar Card 2. A copy of the bank passbook front page (containing their name, Account no and IFSC code) 3. A copy of Pan Card 4. A copy of the Artisan Identity card issued by the DC-

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		Handicraft, MoT, New Delhi. (If the artisans does not have identity card then he or she must be in the baseline survey list of UMSAS/ State or National Awardee of Bihar/ State or National Merit artisans of Bihar)
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Budget Required:

Sl no	Particulars	Total
1	Expected no of artisans to be covered directly (1500) and indirectly (1500)	3,000
2	Maximum amount of advance to be given to an artisan against the products received by UMSAS for sale through its outlets by Dept. of Industries.	Rs. 10,000
3	Total amount received from Industry Department as revolving fund to UMSAS	Rs. 1,31,25,000

Way forward:

1. The procured products will be labeled, tagged, packed before sending to the outlets. Bar coding will be done for easier billing and accounting.
2. The fund will be used as the revolving fund for procurement of the handicrafts from the artisans by UMSAS.
3. More than 3000 artisans families in which 1500 directly and 1500 indirectly will be benefited through this intervention.
4. The PMA of Khadi and Village Industries will also help UMSAS to spread awareness about this scheme and ensure maximum participation. This will help to outreach in maximum number of clusters of Bihar.
5. A new separate bank account will be opened in IDBI Bank for operations of the revolving fund received from the department.
6. Organization will add 20% on the procurement price of the product to decide its MRP. In which 10% will be used for maintenance and transportation of the product and remaining 10% will be kept in a separate Bank Account for strengthening the revolving fund.

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