

ABSTRACT

India's Micro, Small, and Medium-Sized Enterprises (MSMEs) span a diverse range of sectors that are integral to nurturing cultural identity, sustaining traditional livelihoods, and promoting inclusive economic development. The Indian handicraft sector is a special MSME sector that represents an intersection between artistry, heritage, and functionality. These industries form a significant cluster of select industries, such as Banarasi textiles, Khurja ceramics, and Firozabad glassware, that embody craftsmanship accumulated over generations, reinforced by Geographical Indication (GI) recognition. Despite their cultural and economic importance, these industries face increasing challenges driven by mass production, shifting consumer behaviour, limited access to technology, and inadequate marketing infrastructure. The resulting market marginalisation and declining intergenerational engagement have jeopardised their long-term viability. This emphasises the need for an integrated, multidisciplinary framework to advance the sustainable development of these select handicraft industries in terms of revenue and market sustainability.

This thesis undertakes a comprehensive and interdisciplinary analysis to strengthen the sustainability and competitiveness of handicraft businesses in India. The thesis presents an integrated framework that operates across four structural domains, encompassing sectoral diagnostics, policy evaluation, consumer behaviour modelling, and innovative operational strategies. By establishing a foundational research framework, the study also lays the groundwork for future endeavours across similar industries to improve business sustainability from both the production and consumer ends. The study adopts a framework applicable to the case of pottery and the handcrafted apparel industry. The selection of case studies is motivated by the enrichment of skills and techniques used in making these products, which have a long-standing traditional and cultural legacy. The present study examines the challenges faced by artisans working in these industries and critiques the prevailing government schemes designed to benefit these sectors. This exploration from the production end helps in identifying the key issues and target areas that require improvement.

Furthermore, the study focuses on the marketing aspect to enhance the visibility and demand of the product in the market by introducing subscription retailing as an innovative retail strategy. The study examines consumer adoption behaviour towards the subscription of handcrafted products from select industries. Following this, the thesis focuses on designing

a subscription bundle package that can be adopted to operationalise the subscription of handcrafted, select products. The multifaceted objective involves an integrated assessment of the industry, government policies, marketing, retail, and operational segments, providing insights to build operational strategies and policy reforms that contribute to the business sustainability of indigenous select industries.

To establish the study framework, the research begins with a literature review that systematically surveys research on production ecosystem bottlenecks, government policy interventions, behavioural modelling, and emerging retail paradigms, most notably subscription-based retailing. The literature consistently highlights the decentralised and informal nature of business operations in select industries. Literature identifies various policy interventions that target skill training, infrastructure and technology upgrades, credit support, branding, and marketing support. Despite these efforts, the literature highlights persistent implementation gaps, including bureaucratic delays, a lack of contextual customisation, and inadequate monitoring and outreach. Literature identifies the factors that affect subscription adoption behaviour in customers, which vary from product to product and are mainly categorised as motives and barriers. The factors broadly studied include subscription motives, perceived subscription risks, personal attitude, subjective norms, and social and environmental factors. The literature also identifies subscription packaging and their pricing strategies, which mostly revolve around bundling and are qualitative in nature.

The literature review identifies several distinct gaps, such as the lack of integrated barrier assessment from stakeholder perspective, insufficient alignment between government scheme objectives and ground-level challenges, minimal empirical evaluation of innovative retail mechanisms for handcrafted products, limited understanding of consumer willingness to adopt such mechanisms, and a dearth of studies connecting behavioural insights to operational retail models that optimize for profitability and inclusivity. Addressing these gaps, this thesis is motivated to develop an empirically grounded and operationally viable framework linking industry diagnostics, policy evaluation, and consumer-focused retail strategies for the sustainable advancement of select MSMEs.

As one of its core objectives, the thesis identifies and prioritises the prevalent barriers in handcrafted textiles and pottery. It investigates the interrelationship of barriers within the system, which helps identify both causal and effect barriers. The barrier assessment is conducted through a four-stage approach. The first stage involves identifying extreme

barriers in different domains. The study leverages Porter's Value Chain and PEST (Political, Economic, Social, and Technological) analysis to identify the barrier domains. The barriers are identified and finalised through a literature review and discussions with experts. The second stage involves categorising barriers into respective domains with the help of experts. In the third stage, the fuzzy analytical hierarchy process is used to rank barriers based on their relative weight. In the fourth stage, the DEMATEL method is applied to identify the interrelationship linkages among the barriers. The overall analysis generates actionable insights for targeting influential obstacles and structured effective policy responses.

As another core objective, the study assesses broader schemes and policies launched by the government and measures their alignment against priority intervention zones as identified via barrier assessment. This analysis highlights the points of convergence and critical misalignment. Government schemes are reviewed through a thematic analysis of launched schemes over the last five years for these industries. Based on the assessment of the schemes, the study proposes the cluster park model as an effective policy. By clustering products specially identified under One District One Product (ODOP) and Geographical Indication (GI)- tagged products based on similarity criteria, the framework proposes sectoral parks specialising in distinct crafts, equipped with common facility centres, marketing, and other infrastructural amenities. Such parks are positioned to address core operational, marketing, and welfare gaps, support socioeconomic upliftment, and facilitate sustainable, inclusive growth tailored to artisan communities.

On the market side, the thesis examines the adoption of subscription retailing for handcrafted textiles and pottery, incorporating behavioural and demographic analyses through structural equation modelling (SEM). The empirical framework examines how various factors, categorised as motives and barriers, influence subscription intention. The moderation analysis assessing the relationship between motives and subscription intention under the influence of obstacles, as well as the relationship between constructs across different demographic traits, provides insights effective for drafting differentiated engagement strategies.

Another objective of this study revolves around the operational segment, involving the design and optimisation of subscription packages. The study uses Choice-Based Conjoint (CBC) analysis to model discrete consumer choice, estimating part-worth utilities for product attributes. The package utility and reservation price are calculated to strike a balance between

desirability and profitability. Mixed Integer Linear Programming (MILP) is employed to maximise expected profit, accounting for cost thresholds, box selection constraints, and probability-adjusted adoption rates. The resulting framework generates package portfolios that reconcile consumer value with operational feasibility and stakeholder interests, supporting sustainable business models for artisanal handcrafted industries.

The study exemplifies strong alignment with the key Sustainable Development Goals (SDGs) 1, 5, 8, 9, 10, 11, and 12, both directly and indirectly. The study empowers artisan communities with improved livelihood opportunities (SDG 1) and fosters decent work and inclusive economic growth (SDG 8). Through the cluster park model, the study advances sustainable innovation and development in select industries (SDG9). Through effective marketing and retail models, the study promotes responsible production and consumption by encouraging sustainable demand for handcrafted products (SDG12). Focusing on the reduction of socio-economic inequalities, the study aims to reduce inequalities and support empowerment (SDG10). The business development of select industries strengthens community identity and recognition of handcrafted products (SDG11).

Overall, the thesis presents a comprehensive and actionable framework for revitalising handcrafted MSMEs in India, encompassing industry barrier assessment, policy coherence evaluation, and strategising innovative retail methods through consumer adoption and price optimisation. By focusing on textiles and pottery sectors as representative domains, the research demonstrates the potential for tradition-based enterprises to evolve and compete effectively in contemporary, digitised marketplaces. The study offers actionable insights for respective stakeholders, policymakers, social enterprises, and the broader academic community to strengthen cultural preservation, generate sustainable livelihoods, and promote inclusive economic development in these select industries.

Keywords: MSME, Select Industries, Handcrafted Products, Innovative Marketing, Policy Convergence, Pricing, Bundling, Pottery Industry, Handcrafted Textiles and Apparel